
CITY OF COLORADO SPRINGS, COLORADO

UTILITIES SYSTEM COMMERCIAL PAPER NOTES

SERIES A AND SERIES B

2015 UTILITIES COMMERCIAL PAPER ORDINANCE

2015 UTILITIES COMMERCIAL PAPER ORDINANCE
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(This Table of Contents is not a part of this 2015 Utilities
Commercial Paper Ordinance and is only for convenience of reference)

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ORDINANCE NO. 15-__

AN ORDINANCE OF THE CITY OF COLORADO SPRINGS, COLORADO PROVIDING FOR THE EXTENSION, BETTERMENT, OTHER IMPROVEMENT AND EQUIPMENT OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF COLORADO SPRINGS, COLORADO, UTILITIES SYSTEM COMMERCIAL PAPER NOTES, SERIES A IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$75,000,000 AND SERIES B IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$75,000,000 PAYABLE OUT OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE CITY OF COLORADO SPRINGS UTILITIES SYSTEM; AUTHORIZING THE EXECUTION BY THE CITY OF TWO DEALER AGREEMENTS, TWO ISSUING AND PAYING AGENT AGREEMENTS, TWO REIMBURSEMENT AGREEMENTS AND TWO FEE AGREEMENTS; AND PROVIDING OTHER MATTERS RELATING THERETO.

WHEREAS, the City of Colorado Springs, El Paso County, Colorado (the "City") is a municipal corporation duly organized and existing under the laws of the State of Colorado and in particular under the provisions of Article XX of the Constitution of the State of Colorado and the City's Charter (the "Charter"); and

WHEREAS, the City now owns and operates a municipal water system, electric light and power system, gas system, wastewater system and certain other systems heretofore designated by the City Council (the "Council") of the City (the "System"), constituting the Utilities created by the Charter; and

WHEREAS, prior to the issuance of the notes authorized by this ordinance, the City has issued its "City of Colorado Springs, Colorado, Subordinate Utilities System Revenue Bond, Series 1998" in the principal amount of \$22,204,270 (the "1998 CWRPDA Subordinate Lien Bond"), of which \$8,301,260 is presently Outstanding, and which was issued to the Colorado Water Resources and Power Development Authority (the "Authority") pursuant to a Loan Agreement dated as of April 1, 1998, as amended (the "1998 CWRPDA Loan Agreement"), between the City and the Authority; and

WHEREAS, prior to the issuance of the notes authorized by this ordinance, the City has issued its "City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bond, Series 2009E" in the principal amount of \$8,600,000 (the "2010 CWRPDA Bond"), of which \$6,832,606.08 is presently Outstanding, and which was issued to the Authority pursuant to a Loan Agreement dated as of April 29, 2010 (the "2010 CWRPDA Loan Agreement") between the City and the Authority; and

WHEREAS, in addition to the 1998 CWRPDA Subordinate Lien Bond and the 2010 CWRPDA Bond, the sole first lien securities Outstanding payable from any revenues derived from the operation of the System or any part thereof and for the payment of which such revenues are pledged are the bonds in the aggregate principal amount of \$2,308,915,500 of the following issues:

<u>Issue</u>	<u>Authorizing Ordinance</u>	<u>Outstanding Principal Amount</u>
2000A Bonds	2000A Bond Ordinance	\$110,000,000
2000B Bonds	2000B Bond Ordinance	5,875,000
2002C Bonds	2002C Bond Ordinance	27,055,000
2004A Bonds	2004A Bond Ordinance	99,275,000
2005A Bonds	2005A Bond Ordinance	88,545,000
2006A Bonds	2006A Bond Ordinance	59,975,000
2006B Bonds	2006B Bond Ordinance	69,100,000
2007A Bonds	2007A Bond Ordinance	65,770,000
2007B Bonds	2007B Bond Ordinance	87,275,000
2007C Bonds	2007C Bond Ordinance	7,560,000
2008A Bonds	2008A Bond Ordinance	43,520,000
2008B Bonds	2008B Bond Ordinance	9,275,000
2008C Bonds	2008C Bond Ordinance	5,125,000
2008D Bond	2008D Bond Ordinance	1,815,500
2009A Bonds	2009A Bond Ordinance	22,710,000
2009B-1 Bonds	2009B Bond Ordinance	8,190,000
2009B-2 Bonds	2009B Bond Ordinance	64,450,000
2009C Bonds	2009C Bond Ordinance	62,755,000
2009D-2 Bonds	2009D Bond Ordinance	56,750,000
2010A-1 Bonds	2010A Bond Ordinance	94,830,000
2010A-2 Bonds	2010A Bond Ordinance	21,910,000
2010B-1 Bonds	2010B Bond Ordinance	5,705,000
2010B-2 Bonds	2010B Bond Ordinance	174,295,000
2010C Bonds	2010C Bond Ordinance	45,210,000
2010D-1 Bonds	2010D Bond Ordinance	49,335,000
2010D-2 Bonds	2010D Bond Ordinance	68,500,000
2010D-3 Bonds	2010D Bond Ordinance	22,925,000
2010D-4 Bonds	2010D Bond Ordinance	107,260,000
2011A Bonds	2011A Bond Ordinance	108,030,000
2012A Bonds	2012A Bond Ordinance	46,265,000
2012B Bonds	2012B Bond Ordinance	104,185,000
2012C-1 Bonds	2012C Bond Ordinance	107,545,000
2012C-2 Bonds	2012C Bond Ordinance	41,710,000
2013A Bonds	2013A Bond Ordinance	96,975,000
2013B-1 Bonds	2013B Bond Ordinance	57,070,000
2013B-2 Bonds	2013B Bond Ordinance	66,660,000
2014A-1 Bonds	2014A Bond Ordinance	58,515,000
2014A-2 Bonds	2014A Bond Ordinance	53,995,000
2015A Bonds	2015A Bond Ordinance	82,975,000

(the 1998 CWRPDA Loan Agreement, the 2010 CWRPDA Loan Agreement, the 2000A Bond Ordinance, the 2000B Bond Ordinance, the 2002C Bond Ordinance, the 2004A Bond Ordinance, the 2005A Bond Ordinance, the 2006A Bond Ordinance, the 2006B Bond Ordinance, the 2007A Bond Ordinance, the 2007B Bond Ordinance, the 2007C Bond Ordinance, the 2008A Bond Ordinance, the 2008B Bond Ordinance, the 2008C Bond Ordinance, the 2008D Bond Ordinance, the 2009A Bond Ordinance, the 2009B Bond Ordinance, the 2009C Bond Ordinance, the 2009D Bond Ordinance, the 2010A Bond Ordinance, the 2010B Bond Ordinance, the 2010C Bond Ordinance, the 2010D Bond Ordinance, the 2011A Bond Ordinance, the 2012A Bond Ordinance, the 2012B Bond Ordinance, the 2012C Bond Ordinance, the 2013A Bond Ordinance, the 2013B Bond Ordinance, the 2014A Bond Ordinance and the 2015A Bond Ordinance collectively, the “First Lien Bond Ordinances”); and

WHEREAS, the 1998 CWRPDA Subordinate Lien Bond, the 2010 CWRPDA Bond, the 2000A Bonds, the 2000B Bonds, the 2002C Bonds, the 2004A Bonds, the 2005A Bonds, the 2006A Bonds, the 2006B Bonds, the 2007A Bonds, the 2007B Bonds, the 2007C Bonds, the 2008A Bonds, the 2008B Bonds, the 2008C Bonds, the 2008D Bond, the 2009A Bonds, the 2009B-1 Bonds, the 2009B-2 Bonds, the 2009C Bonds, the 2009D-2 Bonds, the 2010A-1 Bonds, the 2010A-2 Bonds, the 2010B-1 Bonds, the 2010B-2 Bonds, the 2010C Bonds, the 2010D-1 Bonds, the 2010D-2 Bonds, the 2010D-3 Bonds, the 2010D-4 Bonds, the 2011A Bonds, the 2012A Bonds, the 2012B Bonds, the 2012C-1 Bonds, the 2012C-2 Bonds, the 2013A Bonds, the 2013B-1 Bonds, the 2013B-2 Bonds, the 2014A-1 Bonds, the 2014A-2 Bonds and the 2015A Bonds (collectively, the “Outstanding First Lien Bonds”) are special obligations of the City payable from the gross revenues derived from the operation of the System (the “Gross Pledged Revenues”), after provision is made for the payment of the operation and maintenance expenses of the System (such remaining revenues the “Net Pledged Revenues”) and the payment of the Outstanding First Lien Bonds is secured by a pledge of and by an irrevocable prior lien on the Net Pledged Revenues; and

WHEREAS, the City proposes to extend, better, otherwise improve and equip the System (the “Project”) and to issue its “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A” (the “Series A Notes”) and its “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series B” (the “Series B Notes” and together with the Series A Notes, the “Notes”) to defray in part the cost of the Project; and

WHEREAS, the City has determined to enter into a Reimbursement Agreement dated as of December 1, 2015 (the “Series A Credit Agreement”) between the City and Bank of America, N.A. (the “Bank”) under which the Bank will issue an irrevocable transferable direct pay letter of credit (the “Series A Letter of Credit”) to support the payment of the principal of and interest on the Series A Notes as the same become due and payable pursuant to the provisions of this ordinance; and

WHEREAS, the City has also determined to enter into a Reimbursement Agreement dated as of December 1, 2015 (the “Series B Credit Agreement”) between the City and the Bank, under which the Bank will issue an irrevocable transferable direct pay letter of credit (the “Series B Letter of Credit”) to support the payment of the principal of and interest on the Series B Notes as the same become due and payable pursuant to the provisions of this ordinance; and

WHEREAS, the Series A Notes may also be issued from time to time to repay Drawings, Advances and Term Loans, each as defined in the Series A Credit Agreement, made to pay maturing Series A Notes; and

WHEREAS, the Series B Notes may also be issued from time to time to repay Drawings, Advances and Term Loans, each as defined in the Series B Credit Agreement, made to pay maturing Series B Notes; and

WHEREAS, except as hereinabove provided, the City has never pledged nor in any way hypothecated revenues derived and to be derived directly or indirectly from the operation of the System to the payment of any securities or for any other purpose (excluding securities which have heretofore been redeemed in full, as to all principal, premium, if any, and interest, or are otherwise not Outstanding), with the result that the Net Pledged Revenues may now be pledged lawfully and irrevocably for the payment of the Notes, and they may be made payable from the Net Pledged Revenues; and

WHEREAS, each of the First Lien Bond Ordinances provides that:

“Nothing herein prevents the City from issuing additional securities payable from the Net Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.”

; and

WHEREAS, Exhibit F to the 1998 CWRPDA Loan Agreement provides in relevant part as follows:

* * * *

“Additional Senior, Parity and Subordinate Lien Bonds. The Governmental Agency covenants that it will not issue any obligations payable from the Pledged Property which are superior to the lien of this Loan Agreement on the Pledged Property. In addition, the Governmental Agency covenants that it will not issue any obligations payable from the Pledged Property on a parity with the lien of the Governmental Agency Bond except in compliance with the requirements of the Parity Bond Ordinances.”

; and

WHEREAS, Section 2 of Exhibit A to the 2010 CWRPDA Loan Agreement provides in relevant part as follows:

“Except as permitted by Sections 703-708 of the Governmental Agency Bond Ordinance, the Governmental Agency shall not issue any notes or other evidences of indebtedness of a similar nature secured by a pledge, lien or assignment on the Net Pledged Revenues or create a lien or charge thereon.”

; and

WHEREAS, the Notes and any Commercial Paper Credit Agreement Obligations (as hereinafter defined) will be secured by a pledge of and lien on the Net Pledged Revenues, which pledge and lien shall be subordinate to the pledge of and lien on the Net Pledged Revenues which secures the payment of the Outstanding First Lien Bonds and any other bonds

hereafter issued by the City having a pledge of and lien on the Net Pledged Revenues on a parity with the lien thereon of the First Lien Bonds; and

WHEREAS, because the Notes will be secured by a lien on the Net Pledged Revenues subordinate to the lien thereon securing the payment of the Outstanding First Lien Bonds, the Notes will not constitute "Commercial Paper Notes" as defined in the First Lien Bond Ordinances; and

WHEREAS, the Council has determined, and does declare that Barclays Capital Inc. shall act as the initial dealer for the Series A Notes and that Goldman, Sachs & Co. shall act as the initial dealer for the Series B Notes; and

WHEREAS, all action preliminary to the authorization of the issuance of the Notes has been taken.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

ARTICLE I

DEFINITIONS, INTERPRETATION, RATIFICATION AND EFFECTIVE DATE

Section 101. Short Title. This ordinance shall be known as and may be cited by the short title “2015 Utilities Commercial Paper Ordinance” (the “ordinance”).

Section 102. Meanings and Construction.

A. Definitions. Capitalized terms used herein which are not defined below shall have the same meanings as in the applicable Commercial Paper Credit Agreement. The terms defined in this Section for all purposes of this ordinance and of any ordinance amendatory hereof or supplemental hereto, or relating hereto, and of any other ordinance or any other document pertaining hereto, except where the context by clear implication otherwise requires, shall have the meanings herein specified:

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or other acquisition, or any combination thereof, of any properties pertaining to the System, or an interest therein, or any other properties herein designated.

“Acquisition Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes Acquisition Fund” created pursuant to Section 403 hereof.

“Alternate Facility” means a line of credit, letter of credit or other credit facility provided pursuant to the provisions of Section 730 hereof and the instruments pursuant to which such facility is provided.

“Authorized Denomination” means, with respect to the Notes, \$100,000 and any integral multiple of \$1,000 in excess thereof.

“Authorized Representative” means the Director, the Finance Director, the General Manager of Financial Services of the Utilities or any other person designated by the Finance Director to complete and deliver Issuance Requests, who has been identified in a certificate of the City delivered to the Issuing and Paying Agent and whose signature has likewise been certified to the Issuing and Paying Agent.

“BAB Credit” means the credit provided in Section 6431 of the Code in lieu of any credit otherwise available to the Owners under Section 54AA(a) of the Code.

“Bank” means (a) Bank of America, N.A. and its successors and assigns and (b) upon issuance and effectiveness of any Alternate Facility replacing the Series A Letter of Credit and/or the Series B Letter of Credit then in effect, the bank or other financial institution party thereto.

"Bank Note" means, collectively, the notes to be issued by the City and delivered to the Bank pursuant to the Commercial Paper Credit Agreements.

"Beneficial Owner" means each Owner of Notes whose ownership is recorded under the book-entry only system maintained by the Depository.

"Business Day" means any day other than (a) a Saturday or Sunday or other day on which commercial banks located in the State of New York or the State are required by law or executive order to close for business, (b) a day on which banking institutions located in the city in which the Principal Corporate Trust Office of the Issuing and Paying Agent or the principal office of a Dealer or the office of a Bank at which Drawings are presented under a Commercial Paper Credit Agreement are located are required by law or executive order to close or (c) a day on which the New York Stock Exchange is closed.

"Capital Improvements" means those property improvements or any combination of property improvements which will constitute enlargements, extensions or betterments to the System and will be incorporated into the System.

"Charter" means the home rule charter of the City, as from time to time amended.

"City" means the City of Colorado Springs, Colorado, or any successor municipal corporation owning the System.

"Clerk" means the city clerk of the City, or his or her successor in functions, if any.

"Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Notes, and the regulations promulgated thereunder.

"Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation (or any successors thereto) and of the Federal Reserve System, which has a capital and surplus of \$10,000,000 or more, and which is located within the United States of America.

"Commercial Paper Credit Agreement" or "Commercial Paper Credit Agreements" means either or both, as the context may require, of the Series A Credit Agreement or the Series B Credit Agreement.

"Commercial Paper Credit Agreement Obligation" or "Commercial Paper Credit Agreement Obligations" means either or both, as the context may require, of the Series A Credit Agreement Obligations or the Series B Credit Agreement Obligations.

"Cost of the Project" means all costs, as designated by the City, of the Project, or any interest therein, which cost, at the option of the City (except as may be otherwise limited by law) may include all, any one or other portion of the incidental costs pertaining to the Project, including, without limitation:

(a) All preliminary expenses or other costs advanced by the City or advanced by the Federal Government, the State or by any other Person from any source, with the approval of the Council, or any combination thereof, or otherwise;

(b) The costs of making surveys and tests, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(c) The costs of contingencies;

(d) The costs of premiums on any builders' risk insurance and performance bonds during the construction, installation and other acquisition of the Project, or a reasonably allocated share thereof;

(e) The costs of appraising, printing, estimates, advice, inspection, other services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help and other agents and employees;

(f) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the taking of options, the issuance of the Notes and the fees and expenses of the Issuing and Paying Agent, the Bank and the Dealers;

(g) The costs of the filing or recording of instruments and the cost of any title insurance premiums;

(h) The costs of funding any construction loans and other temporary loans pertaining to the Project and of the incidental expenses incurred in connection with such loans;

(i) The costs of demolishing, removing, or relocating any buildings, structures, or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(j) The costs of machinery and equipment;

(k) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(l) The costs of labor, material and obligations incurred to contractors, builders and materialmen in connection with the acquisition and construction of the Project and the costs of labor incurred for employees of the City engaged in the acquisition and construction of the Project;

(m) The costs of amending any ordinance, resolution or other instrument pertaining to the Notes or otherwise to the System; and

(n) All other expenses pertaining to the Project.

"Council" means the city council of the City, and any successor governing body of the municipal corporation owning the System.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond or guarantee or similar instrument (other than a Reserve Fund Insurance Policy but including the Commercial Paper Credit Agreements) heretofore or hereafter issued by a financial, insurance or other institution and which specifically provides security and/or liquidity in respect of securities payable from Net Pledged Revenues.

“Credit Facility Obligations” means repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a Credit Facility.

“Crossover Date” means, with respect to any Crossover Refunding Bonds, the date on which the principal portion of the related Crossover Refunded Indebtedness Outstanding as of such date is to be paid or redeemed (assuming any conditions thereto are satisfied) from the escrowed proceeds of such Crossover Refunding Bonds or other funds available to the City and irrevocably deposited in such escrow for such purpose.

“Crossover Refunded Indebtedness” means any securities payable from Net Pledged Revenues intended to be refunded by Crossover Refunding Bonds or other funds available to the City (assuming any conditions thereto are satisfied), and as to which an irrevocable escrow sufficient for such purpose is in existence.

“Crossover Refunding Bonds” means any securities issued by the City if the proceeds of such securities are irrevocably deposited in escrow to secure the payment on a Crossover Date of principal of, premium, if any, and interest on the Crossover Refunded Indebtedness (or the principal of, premium, if any, and interest on such securities under certain conditions) and the escrow deposit (including investment earnings thereon) is required to be applied to pay the Debt Service Requirements of such securities until and on the Crossover Date and, after the Crossover Date, the Debt Service Requirements of such securities are required to be payable from Net Pledged Revenues.

“Dealer” or “Dealers” means either or both, as the context may require, of the Series A Dealer or the Series B Dealer.

“Dealer Agreement” or “Dealer Agreements” means either or both, as the context may require, of the Series A Dealer Agreement or the Series B Dealer Agreement.

“Debt Service Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on any First Lien Bonds, the Notes or other securities payable from the Net Pledged Revenues hereafter issued, if any, or such part of such securities as may be designated.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book-entry interests in bonds, and to effect transfers of book-entry interests in bonds in book-entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Director” means the chief executive officer of the Utilities, presently the Chief Executive Officer, or his or her successor in functions, if any.

“Events of Default” means the events stated in Section 803 hereof.

“Expiration Date” or “Expiration Dates” means either or both, as the context may require, of the Series A Expiration Date or the Series B Expiration Date.

“Federal Government” means the United States of America and any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, or bonds which are direct obligations of, or the principal of and interest on which obligations are unconditionally guaranteed as to full and timely payment by, the United States of America.

“Fee Agreement” or “Fee Agreements” mean either or both, as the context may require, of the Series A Fee Agreement or the Series B Fee Agreement.

“Finance Director” means the chief financial officer of the Utilities, presently the Chief Planning and Finance Officer, or his or her designee, or his or her successor in functions, if any.

“First Lien Bond Ordinances” means, collectively, the Series 1998 CWRPDA Loan Agreement, the Series 2010 CWRPDA Loan Agreement, any similar agreements hereafter entered into by the City with respect to First Lien Bonds, the Series 2000A Bond Ordinance, the Series 2000B Bond Ordinance, the Series 2002C Bond Ordinance, the Series 2004A Bond Ordinance, the Series 2005A Bond Ordinance, the Series 2006A Bond Ordinance, the Series 2006B Bond Ordinance, the Series 2007A Bond Ordinance, the Series 2007B Bond Ordinance, the Series 2007C Bond Ordinance, the Series 2008A Bond Ordinance, the Series 2008B Bond Ordinance, the Series 2008C Bond Ordinance, the Series 2008D Bond Ordinance, the Series 2009A Bond Ordinance, the Series 2009B Bond Ordinance, the Series 2009C Bond Ordinance, the Series 2009D Bond Ordinance, the Series 2010A Bond Ordinance, the Series 2010B Bond Ordinance, the Series 2010C Bond Ordinance, the Series 2010D Bond Ordinance, the Series 2011A Bond Ordinance, the Series 2012A Bond Ordinance, the Series 2012B Bond Ordinance, the Series 2012C Bond Ordinance, the Series 2013A Bond Ordinance, the Series 2013B Bond Ordinance, the Series 2014A Bond Ordinance, the Series 2015A Bond Ordinance and, without duplication, any ordinances hereafter adopted by the Council authorizing the issuance of First Lien Bonds.

“First Lien Bonds” means, collectively, the Series 1998 CWRPDA Subordinate Lien Bond, the Series 2010 CWRPDA Bond, the Series 2000A Bonds, the Series 2000B Bonds, the Series 2002C Bonds, the Series 2004A Bonds, the Series 2005A Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2007C Bonds, the Series 2008A Bonds, the Series 2008B Bonds, the Series 2008C Bonds, the Series 2008D Bond, the Series 2009A Bonds, the Series 2009B-1 Bonds, the Series 2009B-2 Bonds, the Series 2009C Bonds, the Series 2009D-2 Bonds, the Series 2010A-1 Bonds, the Series 2010A-2 Bonds, the Series 2010B-1 Bonds, the Series 2010B-2 Bonds, the Series 2010C Bonds, the Series 2010D-1 Bonds, the Series 2010D-2 Bonds, the Series 2010D-3 Bonds, the Series 2010D-4 Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C-1 Bonds, the Series 2012C-2 Bonds, the Series 2013A Bonds, the Series 2013B-1 Bonds, the Series 2013B-2 Bonds, the Series 2014A-1 Bonds, the Series 2014A-2 Bonds, the Series 2015A Bonds and any other securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the First Lien Bonds but does not include any First Lien Credit Facility Obligations relating to any such securities.

“First Lien Credit Facility Obligations” means any Credit Facility Obligations payable from the Net Pledged Revenues on a parity with the First Lien Bonds.

“First Lien Financial Products Agreement” means an interest rate swap, cap, collar, floor, other hedging agreement, arrangement or security, however denominated, heretofore or hereafter entered into by the City with a Provider not for investment purposes but

with respect to specific First Lien Bonds and providing that any payments by the City thereunder shall be made only from Net Pledged Revenues and for the purpose of (a) reducing or otherwise managing the City's risk of interest rate changes or (b) effectively converting the City's interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

"First Lien Financial Products Payments" means payments periodically required to be paid to a Provider by the City pursuant to a First Lien Financial Products Agreement but specifically not including any Termination Payments.

"First Lien Financial Products Receipts" means amounts periodically required to be paid to the City by a Provider pursuant to a First Lien Financial Products Agreement but specifically not including any Termination Payments.

"Fiscal Year" means the calendar year or any other 12 month period hereafter selected by the Utilities as its fiscal year.

"Funds Ordinance" means Ordinance No. 91-58 adopted by the Council on April 23, 1991 continuing the Income Fund previously created pursuant to a bond ordinance authorizing bonds which are no longer Outstanding.

"Gross Pledged Revenues" means all income, charges and revenues derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the System, or any part thereof, whether resulting from Capital Improvements, or otherwise, and includes all income, charges and revenues received by the City from the System, including without limitation:

(a) All fees, rates and other charges for the use of the System, or for any service rendered by the City in the operation thereof, directly or indirectly, the availability of any such service, or the sale or other disposal of any commodities derived therefrom, including, without limitation, connection charges, but:

(i) Excluding any moneys borrowed and used for the acquisition of Capital Improvements or for the refunding of securities, including the proceeds of Crossover Refunding Bonds and all income or other gain from any investment of such borrowed moneys;

(ii) Excluding any moneys received as grants, appropriations or gifts from the Federal Government, the State, or other sources, the use of which is limited by the grantor or donor to the construction of Capital Improvements, except to the extent any such moneys shall be received as payments for the use of the System, services rendered thereby, the availability of any such service, or the disposal of any commodities therefrom;

(iii) Excluding any income and revenue from any Special Facilities which have not been transferred by the City, in its sole discretion, to the System and excluding any revenues from any special rates and charges imposed to finance any such untransferred Special Facilities; and

(iv) Excluding any First Lien Financial Products Receipts;

(b) All income or other gain from any investment of Gross Pledged Revenues (including without limitation the income or gain from any investment of all moneys in any bond fund or reserve fund for any securities payable from Net Pledged Revenues and of all Net Pledged Revenues, but excluding borrowed moneys and all income or other gain thereon in the Acquisition Fund or any other acquisition or construction fund or any escrow fund for any other securities payable from Net Pledged Revenues heretofore or hereafter issued and excluding any unrealized gains or losses on any investment of Gross Pledged Revenues) unless the Council or the qualified electors of the City otherwise provide by ordinance, or such electors by Charter amendment;

(c) All BAB Credits to the extent received by the City with respect to any securities payable from the Net Pledged Revenues; and

(d) All income and revenues derived from the operation of any other utility or other income-producing facilities added to the System and to which the pledge and lien herein provided are extended by ordinance adopted by the Council or the qualified electors of the City or by Charter amendment adopted by such electors.

“improve” or “improvement” means the extension, reconstruction, alteration, betterment or other improvement by the construction, purchase or other acquisition of facilities, including, without limitation, appurtenant machinery, apparatus, fixtures, structures and buildings.

“Income Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Gross Income Fund” created pursuant to a bond ordinance authorizing bonds which are no longer Outstanding and continued pursuant to the Funds Ordinance and this ordinance.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State:

(a) Who is, in fact, independent and not under the domination of the City;

(b) Who does not have any substantial interest, direct or indirect, with the City; and

(c) Who is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

“Interest Account” means the account by that name established in the Series A Note Payment Fund or in the Series B Note Payment Fund, as the case may be, pursuant to Section 508 hereof.

“Investment Securities” means any securities or other obligations permitted as investments of moneys of the City under the laws of the State.

“Issuance Request” means a request (in substantially the form set forth in Exhibit B hereto) made by the City, acting through an Authorized Representative, to the Issuing and Paying Agent for the authentication and delivery of a Note or Notes of the applicable series.

“Issuing and Paying Agent” means U.S. Bank National Association, in New York, New York, and being an agent of the City for the payment of the Debt Service Requirements due in connection with the Notes, the registrar for the Notes and for other administration of moneys pertaining to the Notes, and includes any successor Commercial Bank as paying agent which is appointed by the City with the prior written consent of the Bank and has entered into an Issuing and Paying Agent Agreement.

“Issuing and Paying Agent Agreement” or “Issuing and Paying Agent Agreements” means either or both, as the context may require, of the Series A Issuing and Paying Agent Agreement or the Series B Issuing and Paying Agent Agreement.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“Net Pledged Revenues” means the Gross Pledged Revenues remaining after the payment of the Operation and Maintenance Expenses.

“Note” or “Notes” means either or both, as the context may require, of the Series A Notes or the Series B Notes.

“Offering Memorandum” means the Offering Memorandum delivered in connection with the initial issuance and sale of the Notes.

“Operation and Maintenance Expenses” means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the System or any component division or other part thereof, or any other designated facilities in connection with which such term is used including, without limitation, all salaries, labor, materials and repairs necessary to render efficient service; and the term includes, at the option of the City, acting by and through the Council, except as limited by law, without limitation:

(a) Engineering, auditing, reporting, legal and other overhead expenses of the various departments or systems of the City directly related and reasonably allocable to the administration, operation and maintenance of the System;

(b) Fidelity bond premiums and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the System;

(c) Payments to pension, retirement, health and hospitalization funds, other insurance, and to any self-insurance fund;

(d) Any general (ad valorem) taxes, assessments, excise taxes or other charges which may be lawfully imposed on the City, the System, revenues therefrom, or the City’s income from or operations of any properties under its control and pertaining to the System, or any privilege in connection with the System or its operation (but no payments made in lieu of taxes);

(e) The reasonable charges of the Issuing and Paying Agent, any paying agents for other securities payable from Net Pledged Revenues, any escrow agents for any securities payable from the Net Pledged Revenues which have been or will be refunded, and any other depository bank pertaining to the Notes and any other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, the premium for any Reserve Fund Insurance Policy issued other than concurrently with the issuance of the securities payable from the Net Pledged Revenues and any periodic fees, premiums, expenses or other costs incurred in connection with any Credit Facilities or with respect to the Dealers, the Bank or a remarketing, tender, indexing or similar agent (other than those charges, fees, premiums, expenses or other costs included as part of the cost of a Capital Improvement or paid from the proceeds of the Notes or any other securities relating to the System);

(f) Contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the System or to the issuance of the Notes or any other securities relating to the System, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary;

(g) The costs incurred by the Council or the Utilities in the collection and any refunds of all or any part of the Gross Pledged Revenues;

(h) Any costs of utility services furnished to the System by the City or otherwise, including, without limitation, the contracting by the City for water, electricity, or gas, or any combination thereof, from any Person, for distribution through the System or for the transmission or treatment of water, electricity, or gas for use by the City and its customers and the obligations due under any contract pertaining thereto on a take-and-pay basis or take-or-pay basis or otherwise; and

(i) All other administrative, general and commercial expenses pertaining to the System and all other current expenses pertaining to the System which are properly classified as operation and maintenance expenses under generally accepted accounting principles; but

- (i) Excluding any allowance for depreciation;
- (ii) Excluding any costs of Capital Improvements;
- (iii) Excluding any reserves for major capital replacements (other than normal repairs);
- (iv) Excluding any reserves for operation, maintenance or repair of the System;
- (v) Excluding any allowance for the redemption of any First Lien Bonds, Parity Bonds or other security evidencing a loan or other obligation, or the payment of any interest thereon (including interest on the Notes), or any prior redemption premium due in connection therewith, or any reserve therefor;
- (vi) Excluding any liabilities for First Lien Financial Products Payments;

(vii) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities (or any combination thereof) incorporated into the System, or otherwise; and

(viii) Excluding any liabilities incurred by the City as the result of its negligence in the operation of the System or any other ground of legal liability not based on contract.

“Opinion of Bond Counsel” means a written opinion of an attorney or a firm of attorneys, designated by the City and satisfactory to the Issuing and Paying Agent, the Dealers and the Bank, of nationally recognized standing in matters pertaining to bonds or other obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Outstanding” when used with reference to the Notes or any other designated securities and as of any particular date means all the Notes or any such other securities payable from the Net Pledged Revenues or otherwise pertaining to the System, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Note canceled by the Issuing and Paying Agent, or other security cancelled by any paying agent therefor, or otherwise on the City’s behalf, at or before such date;

(b) Except any security (not deemed to be paid as provided in Section 1001 hereof or any similar provision of the ordinance authorizing the issuance of such other security) during such period when its Debt Service Requirements are scheduled to be paid with moneys held in trust or escrow for that purpose by any Trust Bank located within or without the State, including the known minimum yield from any investment in Federal Securities; provided, however, that the foregoing shall not apply with respect to determinations of securities “Outstanding” for the purposes of Articles VIII or IX hereof;

(c) Except any Note or other security deemed to be paid as provided in Section 1001 hereof or any similar provision of the ordinance authorizing the issuance of such other security; and

(d) Except any Note or other security in lieu of or in substitution for which another Note or other security shall have been executed and delivered pursuant to Sections 306, 307, 309 or 907 hereof or any similar provisions of the ordinance authorizing the issuance of such other security.

“Owner” means the registered owner of any designated Note or other designated security.

“Parity Bond Ordinance” means any ordinance hereafter adopted by the Council authorizing the issuance of Parity Bonds.

“Parity Bonds” means any securities hereafter issued payable from and having an irrevocable lien upon the Net Pledged Revenues on a parity with the Notes but subordinate to the lien thereon of the First Lien Bonds but does not include any Parity Credit Facility Obligations relating to any such securities. For the purposes of Article IX of this ordinance, “Parity Bonds” includes the Notes.

“Parity Credit Facility Obligations” means any Credit Facility Obligations payable from the Net Pledged Revenues on a parity with the Notes.

“Parity Loan Agreements” means, collectively, (a) the Revolving Loan Agreement dated as of September 5, 2013 between the City and KeyBank National Association and any amendments thereto made in accordance with the terms thereof, (b) the Revolving Loan Agreement dated as of September 4, 2013 between the City and U.S. Bank National Association and any amendments thereto made in accordance with the terms thereof and (c) any similar agreement entered into by the City with a bank or other financial institution in connection with lines of credit provided by such bank or other financial institution having an irrevocable lien on the Net Pledged Revenues on a parity with the Notes but subordinate to the lien thereon of the First Lien Bonds.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the City), partnership, limited liability company, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Principal Account” means the account by that name established in the Series A Note Payment Fund or in the Series B Note Payment Fund, as the case may be, pursuant to Section 508 hereof.

“Principal Corporate Trust Office” means (a) with respect to U.S. Bank National Association, at 100 Wall Street, Suite 1600, New York, New York 10005, (b) with respect to any successor Issuing and Paying Agent, at the principal office of its corporate trust department and (c) with respect to any Issuing and Paying Agent, at such other place as shall be designated by such Issuing and Paying Agent in writing to the Owners of the Notes Outstanding.

“Project” means any land, facilities and rights constructed, installed, purchased and otherwise acquired by the Utilities to extend, better, otherwise improve and equip the System, the cost of which is to be defrayed in part with the proceeds of the Notes and which constitutes Capital Improvements.

“Provider” means any financial institution or insurance company which is a party to a First Lien Financial Products Agreement with the City.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Notes and initially means Moody’s and Standard & Poor’s.

“Rebate Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A and B Rebate Fund” created pursuant to Section 510 hereof.

“Refundings” means either or both, as the context may require, of the Series A Refundings or the Series B Refundings.

“Reimbursement Account” means the account by that name established in the Series A Note Payment Fund or in the Series B Note Payment Fund, as the case may be, pursuant to Section 508 hereof.

“Reserve Fund Insurance Policy” means any insurance policy, surety bond or letter of credit deposited in or credited to a reserve fund for First Lien Bonds or Parity Bonds in lieu of or in partial substitution for cash or Investment Securities on deposit in such reserve fund.

“Series A Available Amount” means the amount available to be drawn on the Series A Letter of Credit for the payment of the principal of and interest on the Series A Notes as set forth in the Series A Letter of Credit and the Series A Credit Agreement, as such amount may be reduced and reinstated pursuant to the terms of the Series A Letter of Credit and the Series A Credit Agreement.

“Series A Credit Agreement” means (a) the Reimbursement Agreement dated as of December 1, 2015 between the City and Bank of America, N.A., as such agreement may be amended, supplemented or restated from time to time in accordance with the terms thereof or (b) any other similar agreement entered into by the City with a bank or other financial institution in connection with an Alternate Facility replacing the Series A Letter of Credit then in effect.

“Series A Credit Agreement Obligations” means all obligations of the City owed to the Bank pursuant to the Series A Credit Agreement, whether characterized as repayment obligations on Drawings, Advances or Term Loans or otherwise, and whether evidenced by a Bank Note or otherwise.

“Series A Dealer” means (a) Barclays Capital Inc. and its successors and assigns and (b) any other dealer for the Series A Notes which is hereafter appointed by the City and has entered into a Series A Dealer Agreement.

“Series A Dealer Agreement” means (a) the Dealer Agreement dated as of December 1, 2015 between the City and Barclays Capital Inc., as such agreement may be amended or supplemented from time to time in accordance with the terms thereof, or (b) any other similar agreement hereafter entered into by the City with a Commercial Bank, investment bank or other securities dealer with respect to the Series A Notes.

“Series A Expiration Date” shall have the same meaning as the term Stated Expiration Date has in the Series A Letter of Credit.

“Series A Fee Agreement” means (a) the Fee Agreement dated as of December 1, 2015 between the City and Bank of America, N.A. with respect to the Series A Credit Agreement and the Series A Letter of Credit, as such agreement may be amended or supplemented from time to time in accordance with the terms thereof or (b) any other similar agreement entered into by the City with a bank or other financial institution in connection with an Alternate Facility replacing the Series A Letter of Credit then in effect.

“Series A Issuing and Paying Agent Agreement” means (a) the Series A Issuing and Paying Agent Agreement dated as of December 1, 2015 between the City and U.S. Bank National Association, as such agreement may be amended or supplemented from time to

time in accordance with the terms thereof, or (b) any other similar agreement entered into by the City with a Commercial Bank with respect to the Series A Notes.

“Series A Letter of Credit” means (a) the irrevocable transferable direct pay letter of credit provided by Bank of America, N.A. pursuant to the Series A Credit Agreement supporting the Series A Notes, or (b) any Alternate Facility issued as a substitute therefor.

“Series A Notes” means those securities issued hereunder and designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A.”

“Series A Note Payment Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A Note Payment Fund” created pursuant to Section 508 hereof.

“Series A Refundings” means the issuance from time to time of Series A Notes to repay Series A Credit Agreement Obligations incurred for the purpose of paying the principal of, or under certain circumstances set forth in the Series A Credit Agreement the principal of and interest on, Outstanding Series A Notes as the same become due and payable pursuant to the provisions of this ordinance.

“Series B Available Amount” means the amount available to be drawn on the Series B Letter of Credit for the payment of the principal of and interest on the Series B Notes as set forth in the Series B Letter of Credit and the Series B Credit Agreement, as such amount may be reduced and reinstated pursuant to the terms of the Series B Letter of Credit and the Series B Credit Agreement.

“Series B Credit Agreement” means (a) the Reimbursement Agreement dated as of December 1, 2015 between the City and Bank of America, N.A., as such agreement may be amended, supplemented or restated from time to time in accordance with the terms thereof or (b) any other similar agreement entered into by the City with a bank or other financial institution in connection with an Alternate Facility replacing the Series B Letter of Credit then in effect.

“Series B Credit Agreement Obligations” means all obligations of the City owed to the Bank pursuant to the Series B Credit Agreement, whether characterized as repayment obligations on Drawings, Advances or Term Loans or otherwise, and whether evidenced by a Bank Note or otherwise.

“Series B Dealer” means (a) Goldman, Sachs & Co. and its successors and assigns and (b) any other dealer for the Series B Notes which is hereafter appointed by the City and has entered into a Series B Dealer Agreement.

“Series B Dealer Agreement” means (a) the Dealer Agreement dated as of December 1, 2015 between the City and Goldman, Sachs & Co., as such agreement may be amended or supplemented from time to time in accordance with the terms thereof, or (b) any other similar agreement hereafter entered into by the City with a Commercial Bank, investment bank or other securities dealer with respect to the Series B Notes.

“Series B Expiration Date” shall have the same meaning as the term Stated Expiration Date has in the Series B Letter of Credit.

“Series B Fee Agreement” means (a) the Fee Agreement dated as of December 1, 2015 between the City and Bank of America, N.A. with respect to the Series B Credit Agreement and the Series B Letter of Credit, as such agreement may be amended or supplemented from time to time in accordance with the terms thereof or (b) any other similar agreement entered into by the City with a bank or other financial institution in connection with an Alternate Facility replacing the Series B Letter of Credit then in effect.

“Series B Issuing and Paying Agent Agreement” means (a) the Series B Issuing and Paying Agent Agreement dated as of December 1, 2015 between the City and U.S. Bank National Association, as such agreement may be amended or supplemented from time to time in accordance with the terms thereof, or (b) any other similar agreement entered into by the City with a Commercial Bank with respect to the Series B Notes.

“Series B Letter of Credit” means (a) the irrevocable transferable direct pay letter of credit provided by Bank of America, N.A. pursuant to the Series B Credit Agreement supporting the Series B Notes, or (b) any Alternate Facility issued as a substitute therefor.

“Series B Notes” means those securities issued hereunder and designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series B.”

“Series B Note Payment Fund” means the special account designated as the “City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series B Note Payment Fund” created pursuant to Section 508 hereof.

“Series B Refundings” means the issuance from time to time of Series B Notes to repay Series B Credit Agreement Obligations incurred for the purpose of paying the principal of, or under certain circumstances set forth in the Series B Credit Agreement the principal of and interest on, Outstanding Series B Notes as the same become due and payable pursuant to the provisions of this ordinance.

“Series 2000A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, Series 2000A originally issued in the aggregate principal amount of \$110,000,000.

“Series 2000B Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Subordinate Lien Revenue Bonds, Series 2000B originally issued in the aggregate principal amount of \$15,000,000.

“Series 2002C Bonds” means the City of Colorado Springs, Colorado, Taxable Variable Rate Demand Utilities System Subordinate Lien Revenue Bonds, Series 2002C originally issued in the aggregate principal amount of \$27,055,000.

“Series 2004A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Refunding Revenue Bonds, Series 2004A originally issued in the aggregate principal amount of \$117,450,000.

“Series 2005A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2005A originally issued in the aggregate principal amount of \$100,000,000.

“Series 2006A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement and Refunding Revenue Bonds, Series 2006A originally issued in the aggregate principal amount of \$60,625,000.

“Series 2006B Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2006B originally issued in the aggregate principal amount of \$75,000,000.

“Series 2007A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2007A originally issued in the aggregate principal amount of \$75,000,000.

“Series 2007B Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement and Refunding Revenue Bonds, Series 2007B originally issued in the aggregate principal amount of \$87,275,000.

“Series 2007C Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2007C originally issued in the aggregate principal amount of \$24,415,000.

“Series 2008A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2008A originally issued in the aggregate principal amount of \$50,000,000.

“Series 2008B Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2008B originally issued in the aggregate principal amount of \$27,935,000.

“Series 2008C Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2008C originally issued in the aggregate principal amount of \$41,975,000.

“Series 2008D Bond” means the City of Colorado Springs, Colorado, Utilities System Improvement and Refunding Clean Renewable Energy Bond, Series 2008D originally issued in the principal amount of \$3,631,000.

“Series 2009A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2009A originally issued in the aggregate principal amount of \$60,750,000.

“Series 2009B-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2009B-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$17,550,000.

“Series 2009B-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2009B-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$64,450,000.

“Series 2009C Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Refunding Revenue Bonds, Series 2009C originally issued in the aggregate principal amount of \$66,455,000.

“Series 2009D-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2009D-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$56,750,000.

“Series 2010A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010A-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$117,925,000.

“Series 2010A-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2010A-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$21,910,000.

“Series 2010B-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2010B-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$5,705,000.

“Series 2010B-2 Bonds” means the City of Colorado Springs, Colorado, Taxable Utilities System Improvement Revenue Bonds, Series 2010B-2 (Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$174,295,000.

“Series 2010C Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2010C originally issued in the aggregate principal amount of \$50,000,000.

“Series 2010D-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-1 (Tax-Exempt) originally issued in the aggregate principal amount of \$49,335,000.

“Series 2010D-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-2 (Tax-Exempt/Private Activity) originally issued in the aggregate principal amount of \$68,500,000.

“Series 2010D-3 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-3 (Taxable) originally issued in the aggregate principal amount of \$48,760,000.

“Series 2010D-4 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2010D-4 (Taxable Direct Pay Build America Bonds) originally issued in the aggregate principal amount of \$107,260,000.

“Series 2011A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2011A originally issued in the aggregate principal amount of \$167,490,000.

“Series 2012A Bonds” means the City of Colorado Springs, Colorado, Variable Rate Demand Utilities System Improvement Revenue Bonds, Series 2012A originally issued in the aggregate principal amount of \$50,000,000.

“Series 2012B Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2012B originally issued in the aggregate principal amount of \$108,015,000.

“Series 2012C-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2012C-1 originally issued in the aggregate principal amount of \$113,565,000.

“Series 2012C-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Revenue Bonds, Series 2012C-2 originally issued in the aggregate principal amount of \$44,105,000.

“Series 2013A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2013A originally issued in the aggregate principal amount of \$97,580,000.

“Series 2013B-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2013B-1 originally issued in the aggregate principal amount of \$58,915,000.

“Series 2013B-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2013B-2 originally issued in the aggregate principal amount of \$68,645,000.

“Series 2014A-1 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-1 originally issued in the aggregate principal amount of \$58,515,000.

“Series 2014A-2 Bonds” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bonds, Series 2014A-2 originally issued in the aggregate principal amount of \$53,995,000.

“Series 2015A Bonds” means the City of Colorado Springs, Colorado, Utilities System Refunding Revenue Bonds, Series 2015A originally issued in the aggregate principal amount of \$82,975,000.

“Series 1998 CWRPDA Subordinate Lien Bond” means the City of Colorado Springs, Colorado Subordinate Utilities System Revenue Bond, Series 1998 originally issued in the principal amount of \$22,204,270.

“Series 2010 CWRPDA Bond” means the City of Colorado Springs, Colorado, Utilities System Improvement Revenue Bond, Series 2009E originally issued in the principal amount of \$8,600,000.

“Series 2000A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2000A Bonds and any amendments thereto.

“Series 2000B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2000B Bonds and any amendments thereto.

“Series 2002C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2002C Bonds and any amendments thereto.

“Series 2004A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2004A Bonds and any amendments thereto.

“Series 2005A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2005A Bonds and any amendments thereto.

“Series 2006A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2006A Bonds and any amendments thereto.

“Series 2006B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2006B Bonds and any amendments thereto.

“Series 2007A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2007A Bonds and any amendments thereto.

“Series 2007B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2007B Bonds and any amendments thereto.

“Series 2007C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2007C Bonds and any amendments thereto.

“Series 2008A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008A Bonds and any amendments thereto.

“Series 2008B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008B Bonds and any amendments thereto.

“Series 2008C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008C Bonds and any amendments thereto.

“Series 2008D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2008D Bond and any amendments thereto.

“Series 2009A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009A Bonds and any amendments thereto.

“Series 2009B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009B-1 Bonds and the Series 2009B-2 Bonds and any amendments thereto.

“Series 2009C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009C Bonds and any amendments thereto.

“Series 2009D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2009D-2 Bonds and any amendments thereto.

“Series 2010A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010A-1 Bonds and the Series 2010A-2 Bonds and any amendments thereto.

“Series 2010B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010B-1 Bonds and the Series 2010B-2 Bonds and any amendments thereto.

“Series 2010C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010C Bonds and any amendments thereto.

“Series 2010D Bond Ordinance” means the ordinance authorizing the issuance of the Series 2010D-1 Bonds, the Series 2010D-2 Bonds, the Series 2010D-3 Bonds and the Series 2010D-4 Bonds and any amendments thereto.

“Series 2011A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2011A Bonds and any amendments thereto.

“Series 2012A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012A Bonds and any amendments thereto.

“Series 2012B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012B Bonds and any amendments thereto.

“Series 2012C Bond Ordinance” means the ordinance authorizing the issuance of the Series 2012C-1 Bonds and the Series 2012C-2 Bonds and any amendments thereto.

“Series 2013A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2013A Bonds and any amendments thereto.

“Series 2013B Bond Ordinance” means the ordinance authorizing the issuance of the Series 2013B-1 Bonds and the Series 2013B-2 Bonds and any amendments thereto.

“Series 2014A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2014A-1 Bonds and the Series 2014A-2 Bonds and any amendments thereto.

“Series 2015A Bond Ordinance” means the ordinance authorizing the issuance of the Series 2015A Bonds and any amendments thereto.

“Series 1998 CWRPDA Loan Agreement” means the Loan Agreement dated as of April 1, 1998 between the City and the Colorado Water Resources and Power Development Authority, and any amendments thereto.

“Series 2010 CWRPDA Loan Agreement” means the Loan Agreement dated as of April 29, 2010 between the City and the Colorado Water Resources and Power Development Authority, and any amendments thereto.

“Special Facility” means any construction or acquisition project undertaken by or on behalf of the City, including any interest therein, for the generation or transmission of electricity, the supply, treatment or transmission of water, the treatment of sanitary waste or the production or transmission of gas, including all facilities relating or incidental thereto:

(a) which may be hereafter constructed or acquired in whole or in part by the City; and

(b) which is financed wholly or in part with proceeds of Special Facility Obligations.

Any interest of the City in any such facility resulting from the City's participation in any entity, including, without limitation an entity which has the attributes of a municipal corporation or political subdivision (e.g., a joint action authority) or which may issue obligations on which the interest is exempt from federal income taxation, and which owns any such facility or interest therein, is neither a "Special Facility" nor a part of the System within the meaning of this ordinance.

"Special Facility Obligations" means any bonds or other obligations issued by the City and payable solely or in part from, and secured by a pledge of, any income, charge or revenue from, or relating to designated Special Facilities, including but not necessarily limited to (a) income, charges and revenues from sales of excess electrical energy and power produced or transmitted by, excess waste, water, or both, treatment capability of, or excess water or gas produced, supplied or transmitted by, such Special Facilities to any Person for resale and (b) income, charges and revenues from any special rates and other charges to finance the construction or other acquisition of any Special Facilities, which the City may hereafter impose upon users of the facilities of the System (any such rates and other charges to be additional to any other rates and charges presently or hereafter imposed with respect to the System). The determination by the Council (by ordinance or resolution) that any electrical energy and power, treatment or transmission capability, water or gas is excess (within the meaning of clause (a) of the preceding sentence) shall be conclusive. Such special rates and other charges described in clause (b) of the first sentence of this paragraph may include, but are not necessarily limited to, amounts necessary or sufficient to pay operation and maintenance expenses of such Special Facilities, annual debt service and reserve funds for such Special Facility Obligations, the costs of renewal and replacements for such Special Facilities (including reserves therefor) and amounts necessary or sufficient to produce annual revenues from such Special Facilities necessary to meet any rate maintenance test or parity lien bond test and, in the judgment of the City, necessary to maintain such income and revenues of such Special Facilities at acceptable levels.

"Standard & Poor's" means Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, its successors and its assigns.

"State" means the State of Colorado.

"Subordinate Securities" means securities payable from the Net Pledged Revenues subordinate and junior to the lien thereon of the Notes but does not include any Credit Facility Obligations relating to any such securities.

"Supplemental Public Securities Act" means Part 2 of Article 57 of Title 11, Colorado Revised Statutes, as amended.

"System" means the municipal water system, electric light and power system, gas system, wastewater system and certain other systems heretofore designated by the Council, which systems are under the jurisdiction of the City's Utilities and are collectively designated as the Utilities System of the City, consisting of all properties, real, personal, mixed

or otherwise, now owned or hereafter acquired by the City, through purchase, construction and otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City; and such defined term includes any other utility or other income-producing facilities added to the Utilities System and to which the lien and pledge herein provided are extended by ordinance adopted by the Council or the qualified electors of the City or by Charter amendment adopted by such electors; but such term does not include any Special Facilities which may hereafter be acquired by the City unless the City, in its sole discretion, hereafter expressly authorizes any such Special Facilities to become a part of the System.

“Tax Compliance Certificate” means the Tax Compliance Certificate executed by the City in connection with the initial issuance and delivery of the Notes as it may from time to time be modified pursuant to its terms.

“Termination Payments” means any termination, settlement or similar payments required to be paid upon an early termination of any First Lien Financial Products Agreement or as a result of any event of default thereunder.

“Treasurer” means the treasurer of the City or his or her successor in functions, if any.

“Trust Bank” means a Commercial Bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

B. City-Held Securities. Any securities payable from any Net Pledged Revenues held by the City shall not be deemed to be Outstanding for the purpose of consents hereunder or for any other purpose herein.

Section 103. Parties Interested Herein. Nothing herein expressed or implied confers any right, remedy or claim upon any Person, other than the City, the Council, the Issuing and Paying Agent, the Dealers, the Bank, the Owners of the Notes and the Owners of any other securities payable from the Net Pledged Revenues when reference is expressly made thereto. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Council, the Issuing and Paying Agent, the Dealers, the Bank, the Owners of the Notes and the Owners of any such other securities in the event of such a reference.

Section 104. Ratification. All action heretofore taken (not inconsistent with the provisions of this ordinance) by the Council, the officers of the City and otherwise taken by the City directed toward the Project and the sale and delivery of the Notes for such purpose, be, and the same hereby is, ratified, approved and confirmed.

Section 105. Repealer. All bylaws, orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any such bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

Section 106. Severability. If any section, subsection, paragraph, clause or other provision of this ordinance for any reason is invalid or unenforceable, the invalidity or

unenforceability of such section, subsection, paragraph, clause or other provision shall not affect any of the remaining provisions of this ordinance.

Section 107. Ordinance Irrepealable. After any of the Notes are issued, this ordinance shall constitute an irrevocable contract between the City and the Owner or Owners of the Notes and this ordinance shall be and shall remain irrepealable until the Notes, as to all Debt Service Requirements, shall be fully paid, canceled, and discharged, except as herein otherwise provided.

Section 108. Effective Date and Publication. This ordinance upon passage shall be entered upon the journal of the Council's proceedings, shall be kept in the book marked "Ordinance Record" and authenticated as required by the Charter, shall be published twice in a legal newspaper of general circulation in the City in compliance with the requirements of the Charter, with the first publication to be at least ten (10) days before final passage by Council of this ordinance, and the second publication to be any time after its final adoption. The Council hereby determines that it is appropriate that publication of this ordinance by title with a summary written by the Clerk, together with a statement that this ordinance is available for public inspection and acquisition in the office of the Clerk, shall be sufficient publication pursuant to Section 3-80 of the Charter and this ordinance shall be so published. This ordinance shall be in full force and effective five (5) days after its final publication.

ARTICLE II

DETERMINATION OF THE CITY'S AUTHORITY AND OBLIGATIONS; APPROVAL OF RELATED DOCUMENTS; AND ELECTION TO APPLY SUPPLEMENTAL PUBLIC SECURITIES ACT TO THE NOTES

Section 201. Authority for This Ordinance. This ordinance is adopted by virtue of the City's powers as a home rule city reorganized and operating pursuant to Article XX of the State Constitution and the Charter thereunder and pursuant to their provisions. Pursuant to Article XX of the State Constitution and the Charter, all statutes of the State which might otherwise apply in connection with the Project or the Notes are hereby superseded, other than the Supplemental Public Securities Act.

Section 202. Notes Equally Secured. The covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Outstanding Notes, the Bank, the Owners of any Outstanding Parity Bonds hereafter issued and any provider of a Credit Facility relating to Parity Bonds, any provider of a Reserve Fund Insurance Policy for any Outstanding Parity Bonds hereafter entered into, and the parties to any Parity Loan Agreement, all of which, regardless of the time or times of their execution, issue or maturity, shall be of equal rank without preference, priority or distinction of any of such securities or other instruments over any other thereof, except as otherwise expressly provided in or pursuant to this ordinance.

Section 203. Special Obligations. The principal of and interest on the Notes shall be payable and collectible solely out of amounts paid by the Bank pursuant to the Series A Letter of Credit and the Series B Letter of Credit and, if the Bank fails to make such payment, from the Net Pledged Revenues, which revenues are so pledged, and the other sources specified herein; the Owner or Owners of the Notes may not look to any general or other fund of the City for the payment of such amounts, except the herein designated special funds pledged therefor; the Notes shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the Notes shall not be considered or held to be general obligations of the City but shall constitute its special obligations. No Charter, statutory or constitutional provision enacted after the issuance of the Notes shall in any manner be construed as limiting or impairing the obligation of the City to comply with the provisions of this ordinance or to pay the principal of and interest on the Notes or the Commercial Paper Credit Agreement Obligations as herein provided.

Section 204. Character of Agreement. None of the covenants, agreements, representations and warranties contained herein, in the Commercial Paper Credit Agreements or in the Notes, nor the breach thereof, shall ever impose or shall be construed as imposing any liability, obligation or charge against the City (except the special funds pledged therefor), or against its general credit, or as payable out of its general fund or out of any funds derived from taxation or out of any other revenue source (other than those pledged therefor). The full faith and credit of the City is not pledged for the payment of the amounts due on the Notes or under this ordinance or under the Commercial Paper Credit Agreements.

Section 205. No Pledge of Property. The payment of the Notes and the Commercial Paper Credit Agreement Obligations are not secured by an encumbrance, mortgage or other pledge of property of the City, except for the Net Pledged Revenues and other moneys pledged for the payment of the Notes. No property of the City, subject to such exception, shall be liable

to be forfeited or taken in payment of the Notes or for payment of the Commercial Paper Credit Agreement Obligations.

Section 206. No Recourse Against Officers and Agents. No recourse shall be had for the payment of the principal of or interest on the Notes or for payment of the Commercial Paper Credit Agreement Obligations or for any claim based thereon or otherwise upon this ordinance or any other ordinance pertaining hereto or on the Commercial Paper Credit Agreements, against any individual member of the Council or any officer, employee or other agent of the City, past, present or future, either directly or indirectly through the Council, or the City, or otherwise, whether by virtue of any penalty or otherwise, all such liability, if any, being by the acceptance of the Notes and as part of the consideration of their issuance specially waived and released.

Section 207. Authorization of the Project. The Council, on behalf of the City, does hereby determine to undertake the Project, which is hereby authorized, and the proceeds of the Notes shall be used therefor.

Section 208. Enterprise Status. The Council, on behalf of the City, hereby confirms its intention that the Utilities shall be an "enterprise" for the purposes of Section 7-90 of the Charter and of Article X, Section 20 of the State Constitution. In particular, the Utilities shall be owned by the City and shall have the power to issue revenue bonds in the manner and payable from the sources set forth in this ordinance and the Charter.

Section 209. Dealer Agreements, Commercial Paper Credit Agreements and Fee Agreements. The forms, terms and provisions of the Dealer Agreements, the Commercial Paper Credit Agreements (including the respective Bank Notes attached thereto) and the Fee Agreements are hereby approved and the Director, the Finance Director and the General Manager of Financial Services of the Utilities are each hereby authorized to execute the Dealer Agreements, the Commercial Paper Credit Agreements (including the respective Bank Notes attached thereto) and the Fee Agreements on behalf of and in the name of the City and to deliver each of such documents, in substantially the forms presented to the Council at this meeting, with such changes as are not inconsistent herewith. The incurrence of Commercial Paper Credit Agreement Obligations for the purpose of paying the principal of and interest on the applicable series of Notes on their respective maturity and due dates and the repayment to the Bank for any outstanding Commercial Paper Credit Agreement Obligations is hereby authorized. The principal amounts, due dates and interest rates on any Commercial Paper Credit Agreement Obligations shall be determined in accordance with the applicable Commercial Paper Credit Agreement, subject to the limitations stated herein.

Section 210. Offering Memorandum. The preparation, electronic posting and distribution of the Offering Memorandum relating to the Notes is hereby authorized.

Section 211. Issuing and Paying Agent Agreements. The forms, terms and provisions of the Issuing and Paying Agent Agreements are hereby approved and the Director, the Finance Director and the General Manager of Financial Services of the Utilities are each hereby authorized to execute the Issuing and Paying Agent Agreements on behalf of and in the name of the City, and to deliver each of such documents, in substantially the forms presented to the Council at this meeting, with such changes as are not inconsistent herewith.

Section 212. Election to Apply Supplemental Public Securities Act to the Notes. The Council hereby elects to apply the Supplemental Public Securities Act to the Notes and the Commercial Paper Credit Agreement Obligations.

Section 213. Reimbursement. The City intends to treat each Note issued for payment of the Costs of the Project as a separate “single issue” for federal income tax purposes and expects to reimburse itself from the proceeds of each such Note to pay certain Costs of the Project incurred prior to the issuance of such Notes. This ordinance constitutes the official intent of the City to issue, from time to time, the Notes to finance the Project.

ARTICLE III

AUTHORIZATION, TERMS AND EXECUTION OF NOTES

Section 301. Authorization of Notes. For the purpose of protecting the public health, conserving the property and advancing the general welfare of the citizens of the City and of defraying wholly or in part the cost of the Project, there are hereby authorized to be issued two series of notes to be issued as commercial paper designated as the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A" and the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series B." Proceeds of the Notes may also be used to reimburse the Bank for amounts paid by the Bank pursuant to the Series A Letter of Credit and the Series B Letter of Credit used to pay the principal of, and under certain circumstances set forth in the related Commercial Paper Credit Agreement the principal of and interest on, maturing Notes and to reimburse the Bank for Advances and Term Loans in accordance with the terms of the related Commercial Paper Credit Agreement. Such authorization specifically includes the authorization to issue and reissue Notes for such purposes. The City pledges irrevocably, but not necessarily exclusively, the Net Pledged Revenues to the payment of the principal of and interest on the Notes and to the payment of the Commercial Paper Credit Agreement Obligations. The maximum principal amount of the Series A Notes which may be at any time Outstanding hereunder is limited to \$75,000,000 and the maximum principal amount of the Series B Notes which may be at any time Outstanding hereunder is limited to \$75,000,000. Notwithstanding the foregoing, the maximum principal amount of the Series A Notes that may be Outstanding plus the amount of the Series A Credit Agreement Obligations is limited to \$75,000,000 and the maximum principal amount of the Series B Notes that may be Outstanding plus the amount of the Series B Credit Agreement Obligations is limited to \$75,000,000.

Section 302. Note Details. The Notes shall be dated the date of their respective authentication and issuance, shall be issued in registered form, and shall be issued in Authorized Denominations. Interest on the Notes shall be separately stated by rate and amount on the face of each Note. Notes shall bear interest from their respective dates, payable on their respective maturity dates.

The Series A Notes (a) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365 days and actual number of days elapsed), (b) shall mature not more than 270 days after their respective dates, but in no event later than the earlier of (i) five days prior to the Series A Expiration Date or (ii) November 15, 2045, (c) shall be sold at a price of 100% of the principal amount thereof and (d) shall mature on a Business Day. The Series B Notes (1) shall bear interest payable at maturity at an annual rate (calculated on the basis of a year consisting of 365 days and actual number of days elapsed), (2) shall mature not more than 270 days after their respective dates, but in no event later than the earlier of (A) five days prior to the Series B Expiration Date or (B) November 15, 2045, (3) shall be sold at a price of 100% of the principal amount thereof and (4) shall mature on a Business Day. The stated interest rate, maturity date and principal amount of Notes issued on a particular date, so long as not inconsistent with the terms of this ordinance, shall be as set forth in the instructions from the applicable Dealer as provided in Section 401 hereof.

The Notes shall not be subject to redemption prior to maturity.

The Series A Notes shall be numbered consecutively from 1 upward and the Series B Notes shall be separately numbered consecutively from 1 upward. The Issuing and Paying Agent may make additional provisions for numbering, including additional prefixes and suffixes, as it may deem appropriate.

The principal of and the interest on the Notes shall be paid upon the maturity thereof in federal or other immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The payment of the interest on the Series A Notes shall be paid upon the maturity thereof from amounts paid by the Bank pursuant to the Series A Letter of Credit. The payment of the interest on the Series B Notes shall be paid upon the maturity thereof from amounts paid by the Bank pursuant to the Series B Letter of Credit. The Issuing and Paying Agent is hereby authorized and directed to request payment from the Bank for such amount of interest then due. If the Bank fails, for any reason, to honor a request for payment of interest on the Series A Notes under the Series A Letter of Credit in full, payment of the interest on the Series A Notes shall be made from whatever amount of the payment is paid by the Bank, pro-rata to the interest on all Series A Notes then coming due, and the balance due shall be paid from the Net Pledged Revenues. If the Bank fails, for any reason, to honor a request for payment of interest on the Series B Notes under the Series B Letter of Credit in full, payment of the interest on the Series B Notes shall be made from whatever amount of the payment is paid by the Bank, pro-rata to the interest on all Series B Notes then coming due, and the balance due shall be paid from the Net Pledged Revenues. The payment of the principal of the Series A Notes upon the maturity thereof shall be paid from amounts paid by the Bank pursuant to the Series A Letter of Credit. The payment of the principal of the Series B Notes upon the maturity thereof shall be paid from amounts paid by the Bank pursuant to the Series B Letter of Credit. The Issuing and Paying Agent is hereby authorized and directed to request payment from the Bank for such amount of maturing principal then due. If the Bank fails, for any reason, to honor a request for payment of principal of the Series A Notes under the Series A Letter of Credit in full, payment of the principal of the Series A Notes shall be made from whatever amount of the payment is paid by the Bank, pro-rata to the principal of all Series A Notes then coming due, and the balance due shall be paid from the proceeds of the Series A Notes issued hereunder and the Net Pledged Revenues. If the Bank fails, for any reason, to honor a request for payment of principal of the Series B Notes under the Series B Letter of Credit in full, payment of the principal of the Series B Notes shall be made from whatever amount of the payment is paid by the Bank, pro-rata to the principal of all Series B Notes then coming due, and the balance due shall be paid from the proceeds of the Series B Notes issued hereunder and the Net Pledged Revenues. The principal of and the interest on the Notes shall be payable at the Principal Corporate Trust Office of the Issuing and Paying Agent on or before the close of business on the Business Day upon which such Notes mature, provided that such Notes are presented and surrendered on a timely basis (if required under the book entry system applicable to the Notes). Upon presentation (if required) of such a Note to the Issuing and Paying Agent no later than 3:00 p.m. (New York City time) on a Business Day, payment for such Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Note is presented for payment (if required) after 3:00 p.m. (New York City time) on a Business Day, payment therefor shall be made by the Issuing and Paying Agent on the next succeeding Business Day, without the accrual of additional interest thereon.

Section 303. Form of Notes. The Notes shall be in substantially the form set forth in Exhibit A hereto.

Section 304. Execution of Notes. The Notes shall be executed in the name of the City by the manual or facsimile signature of the Director and the Finance Director. Any Note may be signed (manually or by facsimile) or attested on behalf of the City by any person who, at the date of such act, shall hold the proper office, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office. The Director and the Finance Director may adopt as and for his or her own facsimile signature the facsimile signature of his or her predecessor in office in the event that such facsimile signature appears on any of the Notes. Before the execution of any Note by facsimile signature of the Director and the Finance Director, the Director and the Finance Director shall file with the Secretary of State of the State his or her manual signature certified by him or her under oath.

Section 305. Authentication of Notes. Each Note shall be authenticated by the manual signature of the Issuing and Paying Agent who shall, pursuant to the provisions set forth in the Issuing and Paying Agent Agreements, authenticate and deliver Notes of the applicable series in accordance with the terms of Section 401 hereof. Notwithstanding anything herein or in the Issuing and Paying Agent Agreements to the contrary, the Issuing and Paying Agent shall not authenticate and deliver any Note if:

A. such delivery would result in the aggregate principal amount of Series A Notes Outstanding being in excess of \$75,000,000 or the aggregate principal amount of Series B Notes Outstanding being in excess of \$75,000,000; or

B. such delivery would result in the aggregate principal amount of the Series A Notes Outstanding being in excess of the principal component of the Series A Available Amount or the Series B Notes Outstanding being in excess of the principal component of the Series B Available Amount; or

C. such delivery would result in the delivery of any Note bearing interest at a rate in excess of 12% per annum; or

D. such delivery would result in the delivery of any Note which has a maturity date that extends beyond the earliest of (i) 270 days from the date of authentication and issuance of such Note, (ii) five days prior to the applicable Expiration Date or (iii) November 15, 2045; or

E. the Issuing and Paying Agent shall have actual knowledge that an Event of Default under this ordinance shall have occurred and is continuing; or

F. on or prior to 8:30 a.m., New York City time, on the date of such delivery, the Bank has delivered to the City and the Issuing and Paying Agent a No-Issuance Notice which has not been withdrawn or a Final Drawing Notice under the Series A Credit Agreement or the Bank has delivered to the City and the Issuing and Paying Agent a No-Issuance Notice which has not been withdrawn or a Final Drawing Notice under the Series B Credit Agreement; or

G. the Issuing and Paying Agent shall have received notice that the Opinion of Bond Counsel delivered regarding the validity of the Notes and the exclusion of interest on the Notes from the gross income of the Owners thereof for federal income tax purposes has been or is being withdrawn, which notice shall be delivered by such Bond Counsel.

Notwithstanding paragraph (B) above, in the event Commercial Paper Credit Agreement Obligations are due and unpaid, the Issuing and Paying Agent may authenticate and deliver a principal amount of Notes exceeding the limitations of that provision if, upon receipt of the proceeds of such Notes, the Issuing and Paying Agent shall have sufficient funds immediately available to reimburse the Bank for an unpaid Commercial Paper Credit Agreement Obligation equal to such unpaid amount and if upon such reimbursement the limitation of paragraph (B) above will not be exceeded. Upon receipt of the proceeds of such Notes, the Issuing and Paying Agent shall immediately notify the Bank that it is holding such funds in trust for the Bank, and shall immediately wire the same to the Bank.

If a No-Issuance Notice is rescinded or withdrawn by the Bank in a written notice delivered to the City and the Issuing and Paying Agent, the Issuing and Paying Agent may thereafter resume the authentication and delivery of Notes pursuant to Section 401 hereof.

Only such of the Notes as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Issuing and Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance, and such certificate of authentication when manually executed by the Issuing and Paying Agent shall be conclusive evidence that the Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

Section 306. Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of Section 308 hereof, by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Issuing and Paying Agent. Whenever any Note or Notes shall be surrendered for transfer, the City shall execute and the Issuing and Paying Agent shall authenticate and deliver a new Note or Notes, of the same series, maturity and interest rate and for a like aggregate principal amount. The Issuing and Paying Agent shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Section 307. Exchange of Notes. Notes may be exchanged at the Principal Corporate Trust Office of the Issuing and Paying Agent for a like aggregate principal amount of Notes of other Authorized Denominations of the same series, maturity and interest rate. The Issuing and Paying Agent shall require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange.

Section 308. Note Register. The Issuing and Paying Agent will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and transfer of the Notes, which shall at all times be open to inspection during normal business hours by the City upon reasonable prior notice; and, upon presentation for such purpose, the Issuing and Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

Section 309. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the City, at the expense of the Owner of said Note, shall execute and deliver a new Note of like series, maturity and interest rate and for a like aggregate principal amount and number in exchange and substitution for the Note so mutilated, but only upon surrender to the City of the Note so mutilated. If any Note shall be lost, destroyed or stolen, evidence of such

loss, destruction or theft may be submitted to the City and, if such evidence be satisfactory to it and the Issuing and Paying Agent and indemnity satisfactory to it shall be given, the City, at the expense of the Owner, shall execute and deliver a new Note of like series, maturity and interest rate and for a like aggregate principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. Neither the City nor the Issuing and Paying Agent shall be required to treat both the original Note and any replacement Note as being Outstanding for the purpose of determining the principal amount of Notes which may be issued hereunder, but both the original and the replacement Note shall be treated as one and the same.

Section 310. Use of Depository. Notwithstanding the provisions of this Article, the City shall provide for the Notes to be initially issued in book entry only form. Such Notes shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company ("DTC"), the depository for the Notes. Unless otherwise required by Cede & Co., the initial registered owner of the Notes of each series shall be evidenced by a single Master Note, in the form set forth in Exhibit A. Such Master Notes may not be transferred or exchanged except:

A. To any successor of DTC or its nominee which successor must be both a "clearing corporation" as defined in Section 4-8-102(5), Colorado Revised Statutes, as amended, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended;

B. Upon the resignation of DTC or a successor or new depository under paragraph A or this paragraph B or a determination by the City that DTC or such successor or new depository is no longer able to carry out its functions and the designation by the City of another depository institution, acceptable to the City which must be both a "clearing corporation" as defined in Section 4-8-102(5), Colorado Revised Statutes, as amended, and a qualified and registered "clearing agency" under Section 17A of the Securities Exchange Act of 1934, as amended, to carry out the functions of DTC or such successor or new depository; or

C. Upon the resignation of DTC or a successor depository or new depository under paragraph A or paragraph B above or a determination by the City that DTC or such successor or new depository is no longer able to carry out its functions and the failure by the City, after reasonable investigation, to locate another qualified depository institution acceptable to the City under paragraph B above to carry out the functions of DTC or such successor or new depository.

In the case of a transfer to a successor of DTC or its nominee as referred to in paragraph A above or in the case of designation of a new depository pursuant to paragraph B above, upon receipt of the outstanding Master Notes by the Issuing and Paying Agent, together with written instructions for transfer satisfactory to the Issuing and Paying Agent, a single new Master Note of each series shall be issued to such successor or new depository, as the case may be, registered in the name of such successor or new depository, as the case may be, or its nominee, as is specified in such written transfer instructions. In the case of a determination under paragraph C above and the failure, after reasonable investigation to locate another depository institution for the Notes acceptable to the City and upon receipt of outstanding Master Notes by the Issuing and Paying Agent together with written instructions for transfer satisfactory to the Issuing and Paying Agent, new Notes of both series shall be issued in the denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof, as provided in and subject to the limitations of Section 302 hereof, registered in the names of such Persons, and in such denominations as are requested in such written transfer instructions; however, the

Issuing and Paying Agent shall not be required to deliver such new Notes within a period of less than 60 days from the date of receipt of such written transfer instructions.

The City shall be entitled to treat the Owner of any Note as the absolute owner thereof for all purposes of this ordinance and any applicable laws notwithstanding any notice to the contrary received by the Issuing and Paying Agent or the City and the City shall have no responsibility for transmitting payments to the beneficial owners of the Notes held by DTC or any successor or new depository named pursuant to paragraph A or B above.

The City and the Issuing and Paying Agent shall endeavor to cooperate with DTC or any successor or new depository named pursuant to paragraph A or B above in effectuating payment of the Debt Service Requirements of the Notes by arranging for payment in such a manner that funds representing such payments are available to the Depository on the day they are due.

Section 311. Note Cancellation. Whenever any Note shall be surrendered to the Issuing and Paying Agent upon payment thereof, or to the Issuing and Paying Agent for transfer, exchange or replacement as provided herein, such Note shall be promptly canceled and destroyed by the Issuing and Paying Agent, and a certificate of such cancellation and destruction shall be furnished by the Issuing and Paying Agent to the City.

Section 312. Incontestable Recital in Notes. Pursuant to Article XX of the State Constitution, the Supplemental Public Securities Act and this ordinance, each Note shall recite that it is issued under the authority of this ordinance and the Supplemental Public Securities Act and that it is the intention of the City that such recital shall conclusively impart full compliance with all the provisions of this ordinance and shall be conclusive evidence of the validity and the regularity of the issuance of the Notes after their delivery for value and that all the Notes issued containing such recital shall be incontestable for any cause whatsoever after their delivery for value.

ARTICLE IV

ISSUANCE AND SALE OF NOTES

Section 401. Issuance and Sale of Notes.

Whenever an Authorized Representative determines that the City shall sell and issue Notes, such Authorized Representative shall deliver an Issuance Request in substantially the form attached hereto as Exhibit B to the Issuing and Paying Agent and the applicable Dealer prior to 4:30 p.m. New York City time on the Business Day preceding the Business Day on which Notes are to be issued stating the applicable series and aggregate amount of Notes to be issued. Notwithstanding the foregoing, no Issuance Request shall be required in connection with Refundings and the applicable Dealer shall sell Notes as necessary to accomplish the Refundings without further direction from the Authorized Representative unless the Authorized Representative delivers a certificate of the City to the Dealer stating that the City intends to pay all of the principal of the maturing Notes on the date of maturity and stating that it has provided sufficient funds to the Issuing and Paying Agent for such payment.

Prior to 4:30 p.m. New York City time on the Business Day preceding the Business Day on which Notes are to be issued, the applicable Dealer shall consult with the Authorized Representative as to the terms of such Notes, including interest rates, maturity dates and the principal amount of such Notes and the sale and issuance thereof in accordance with Section 302 hereof. Pursuant to the applicable Dealer Agreement, the applicable Dealer shall deliver instructions to the Issuing and Paying Agent and the City prior to 12:30 p.m. New York City time on the Business Day on which Notes are to be issued to complete the Notes and deliver them to such Dealer. The Dealer's instructions shall prescribe the series, principal amounts, maturities of and interest rates on the Notes. If an Issuance Request is received after 4:30 p.m. New York City time on the Business Day preceding the Business Day on which Notes are to be issued, or if instructions from the applicable Dealer are received after the time set forth above, the Issuing and Paying Agent shall not be obligated to deliver the requested Notes until the next succeeding Business Day.

Upon receipt of such Issuance Request, if required, and instructions from the applicable Dealer, which information shall be transmitted in accordance with the provisions set forth in the Issuing and Paying Agent Agreement, the Issuing and Paying Agent shall by 3:00 p.m. New York City time on such day (a) record on its records as to each Note to be delivered, the series, amount, date, registered owner (which shall be Cede & Co. unless specific instructions otherwise are provided by the City), maturity date, interest rate and interest amount for each such Note, (b) to the extent necessary under the book entry system used for the Notes, prepare, complete and authenticate each such Note, and (c) deliver each such Note to the applicable Dealer through DTC as provided in Section 310 hereof on receipt of payment therefor. The applicable Dealer shall, by 3:00 p.m. New York City time on such day, pursuant to the provisions set forth in its Dealer Agreement, pay to the Issuing and Paying Agent, in immediately available funds, the aggregate purchase price for such Notes.

Notwithstanding any other provision of this ordinance or the Issuing and Paying Agent Agreement to the contrary, no such Notes shall be delivered by the Issuing and Paying Agent if the delivery of such Notes would result in violation of any of the prohibitions respecting authentication of Notes set forth in Section 305 hereof.

Section 402. Proceeds of Sale of Notes. Upon receipt from the applicable Dealer of the proceeds of the issuance and sale of Notes, the Issuing and Paying Agent shall:

A. deposit such proceeds to the credit of the Reimbursement Account in the Series A Note Payment Fund to the extent necessary to reimburse the Bank for Series A Credit Obligations incurred to pay the principal of the Series A Notes on or prior to that date or under certain circumstances set forth in the Series A Credit Agreement the principal of and interest on the Series A Notes on or prior to that date;

B. deposit such proceeds to the credit of the Reimbursement Account in the Series B Note Payment Fund to reimburse the Bank for Series B Credit Obligations incurred to pay the principal of the Series B Notes on or prior to that date or under certain circumstances set forth in the Series B Credit Agreement the principal of and interest on the Series B Notes on or prior to that date; and

C. transfer the balance of such proceeds to the City for deposit in the Acquisition Fund.

Section 403. Establishment and Application of Acquisition Fund. There is hereby created a special and separate account to be known as the "City of Colorado Springs, Colorado Utilities System Commercial Paper Notes Acquisition Fund." The Finance Director may establish such subaccounts in the Acquisition Fund as are necessary or desirable to carry out the requirements of this ordinance or any supplemental ordinance. Except as otherwise provided herein, the moneys in the Acquisition Fund shall be used solely for the purpose of paying the Cost of the Project and for the purposes set forth in Section 404 hereof.

Section 404. Payment of Expenses. Moneys deposited in the Acquisition Fund pursuant to Section 402C hereof may be used and paid out by the City to defray the administrative costs of the Project, including, without limitation, fees and expenses of the Issuing and Paying Agent, fees and expenses of the Dealers, fees and expenses of the Bank, for custodial fees, legal fees, accounting fees, financial advisory fees, printing costs and rating fees and all other fees and expenses in connection with the Project and for reimbursing the City for any such administrative costs of the Project which the City has paid prior to the delivery of the Notes. The City may defray any such costs from time to time as Operation and Maintenance Expenses to the extent the moneys deposited in the Acquisition Fund pursuant to Section 402C hereof are insufficient therefor.

Section 405. Use of Acquisition Fund for Deficiencies. The Finance Director shall use any Note proceeds credited to the Acquisition Fund without further order or direction, (a) to make any payments on any Commercial Paper Credit Agreement Obligation as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose and (b) if the Bank fails, for any reason, to honor a proper request for payment under the Series A Letter of Credit or the Series B Letter of Credit, as the case may be, necessary to make payment of the principal of or interest on the Notes when due, to pay such principal and interest to the extent necessary to prevent a default of the Notes, unless in each case such Note proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Project. The Finance Director shall promptly notify the Council of any such use.

Section 406. Lien on Note Proceeds. Until the proceeds of the Series A Notes and Series B Notes deposited in the Acquisition Fund are applied as herein provided, such Note

proceeds are subject to a lien thereon and pledge thereof for the benefit of the Owners of the Outstanding Notes and the Bank as provided in Section 501 hereof.

Section 407. Dealers and Owners Not Responsible. The validity of the Notes is not dependent upon nor affected by the validity or regularity of any proceedings relating to the application of the Note proceeds. The Dealers, the Bank and any Owners of any of the Notes are not responsible for the application or disposal by the City or by any of its officers, agents and employees of the moneys derived from the sale of the Notes or of any other moneys herein designated.

ARTICLE V

ADMINISTRATION OF AND ACCOUNTING FOR PLEGGED REVENUES

Section 501. Pledge Securing Notes. Subject only to the right of the City to cause amounts to be withdrawn and paid on account of Operation and Maintenance Expenses, the Gross Pledged Revenues and, subject to the right of the City to cause amounts to be withdrawn from the Acquisition Fund for the purposes described in Section 403 hereof, all moneys and securities paid or to be paid to or held or to be held in any account under this Article or under Section 403 hereof, other than moneys and securities held in the Rebate Fund to the extent such amounts held in the Rebate Fund are required to be paid to the United States, and all amounts held by the Issuing and Paying Agent under the Issuing and Paying Agent Agreements are hereby pledged to secure the payment of the Debt Service Requirements of the Outstanding Notes and the Commercial Paper Credit Agreement Obligations. Such pledge of the Net Pledged Revenues is subordinate and junior only to the pledge of the Net Pledged Revenues for, and the lien thereon of, the Outstanding First Lien Bonds, any First Lien Credit Facility Obligations, any Reserve Fund Insurance Policy repayment obligations relating to First Lien Bonds and any First Lien Financial Products Agreements (other than with respect to Termination Payments) heretofore or hereafter entered into. Such pledge of the Net Pledged Revenues is on a parity with the pledge of the Net Pledged Revenues for, and lien thereon of, any Outstanding Parity Bonds hereafter authorized and issued, any Parity Credit Facility Obligations, any Reserve Fund Insurance Policy repayment obligations relating to Parity Bonds and any Parity Loan Agreements. Moneys and securities in the Series A Note Payment Fund shall secure only the Series A Notes and Series A Credit Agreement Obligations and moneys and securities in the Series B Note Payment Fund shall secure only the Series B Notes and Series B Credit Agreement Obligations. This pledge shall be valid and binding from and after the date of the delivery of the Notes, and the moneys as received by the City and hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing, or further act.

Section 502. Subordinate Lien Notes. The Notes constitute an irrevocable and subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues subordinate and junior only to the lien on the Net Pledged Revenues of the First Lien Bonds at any time Outstanding, any First Lien Credit Facility Obligations, any Reserve Fund Insurance Policy repayment obligations relating to First Lien Bonds and any First Lien Financial Products Agreements (other than with respect to Termination Payments) heretofore or hereafter entered into.

Section 503. Equality of Notes. The Notes, the Commercial Paper Credit Agreement Obligations and any Parity Bonds hereafter authorized and from time to time Outstanding, any Parity Credit Facility Obligations, any Reserve Fund Insurance Policy repayment obligations relating to Outstanding Parity Bonds and any Parity Loan Agreements are equitably and ratably secured by a lien on the Net Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Net Pledged Revenues regardless of the time or times of the issuance or incurrence of the Notes, the Commercial Paper Credit Agreement Obligations, any such Parity Bonds, any such Credit Facilities, any such Reserve Fund Insurance Policy repayment obligations or any such Parity Loan Agreements, it being the intention of the Council that there shall be no priority among the Notes, the Commercial Paper Credit Agreement Obligations, any such Parity Bonds, any such Credit Facilities, any such Reserve Fund

Insurance Policy repayment obligations or any such Parity Loan Agreements regardless of the fact that they may be actually issued, delivered, incurred or entered into at different times, except that (a) moneys and securities in the Acquisition Fund shall secure only the Notes and Commercial Paper Credit Agreement Obligations, moneys and securities in the Series A Note Payment Fund shall secure only the Series A Notes and Series A Credit Agreement Obligations, moneys and securities in the Series B Note Payment Fund shall secure only the Series B Notes and Series B Credit Agreement Obligations and the moneys and securities in any acquisition, bond, reserve or similar funds established for other Parity Bonds shall secure only such Parity Bonds and Credit Facilities relating thereto and (b) Parity Bonds may have a lien on Net Pledged Revenues on a parity with lien thereon of the Notes even though a reserve fund is established for such Parity Bonds.

Section 504. Income Fund Deposits. So long as any of the Notes shall be Outstanding, as to any Debt Service Requirements or any Commercial Paper Credit Agreement Obligations are unpaid, the entire Gross Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to the Income Fund, which is hereby continued.

Section 505. Administration of Income Fund. So long as any of the Notes shall be Outstanding or any Commercial Paper Credit Agreement Obligations are unpaid, the following payments shall be made from the Income Fund, as provided in Sections 506 through 513 hereof.

Section 506. Operation and Maintenance Expenses. Firstly, as a first charge on the Income Fund, from time to time there shall continue to be held therein moneys sufficient to pay Operation and Maintenance Expenses, as they become due and payable, and thereupon they shall be promptly paid. Any surplus remaining in the Income Fund at the end of the Fiscal Year and not needed for Operation and Maintenance Expenses shall be used for other purposes of the Income Fund as herein provided.

Section 507. First Lien Bond Payments. Secondly, from any moneys remaining in the Income Fund, i.e., from the Net Pledged Revenues, so long as any First Lien Bonds are Outstanding, there shall be credited to the bond fund, reserve fund and rebate funds for the First Lien Bonds all amounts required to be paid therein pursuant to the First Lien Bond Ordinances and so long as any amounts are payable under any First Lien Credit Facility Obligations, First Lien Financial Products Agreements (other than Termination Payments) or Reserve Fund Insurance Policy repayment obligations relating to First Lien Bonds, there shall be paid all amounts payable thereunder.

Section 508. Note Payment Fund Payments. There are hereby created for the benefit of the Owners of the Notes the special and separate accounts to be known as the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes Series A Note Payment Fund" and as the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes Series B Note Payment Fund," and within each such Fund separate accounts to be known as the "Principal Account," the "Interest Account" and the "Reimbursement Account." Thirdly, from any remaining Net Pledged Revenues, there shall be paid to the Issuing and Paying Agent for deposit into the Series A Note Payment Fund and the Series B Note Payment Fund, concurrently with any payments required to be made pursuant to any Parity Bond Ordinances with respect to the principal of or interest on any Parity Bonds then Outstanding, or any Parity Credit Facility Obligations or Reserve Fund Insurance Policy repayment obligations relating to

Outstanding Parity Bonds hereafter entered into or incurred and any payments to be made pursuant to any Parity Loan Agreements, the following amounts:

A. Series A Interest Payments. By 1:30 p.m. (New York City time) on each maturity date for the Series A Notes, to the Issuing and Paying Agent for deposit into the Reimbursement Account within the Series A Note Payment Fund an amount equal to the interest on the Series A Notes which is due on such maturity date; provided that Net Pledged Revenues are required to be paid into the Reimbursement Account in the Series A Note Payment Fund only to the extent that the sum of the amount contained therein and any amount transferred from the Acquisition Fund to the Interest Account within the Series A Note Payment Fund to pay interest on the Series A Notes on such maturity date is less than the amount of interest on the Series A Notes which is due on that maturity date.

B. Series B Interest Payments. By 1:30 p.m. (New York City time) on each maturity date for the Series B Notes, to the Issuing and Paying Agent for deposit into the Reimbursement Account within the Series B Note Payment Fund an amount equal to the interest on the Series B Notes which is due on maturity date; provided that Net Pledged Revenues are required to be paid into the Reimbursement Account in the Series B Note Payment Fund only to the extent that the sum of the amount contained therein and any amount transferred from the Acquisition Fund to the Interest Account within the Series B Note Payment Fund to pay interest on the Series B Notes on such maturity date is less than the amount of interest on the Series B Notes which is due on that maturity date.

C. Series A Principal Payments. By 1:30 p.m. (New York City time) on each maturity date for Series A Notes, to the Issuing and Paying Agent for deposit into the Reimbursement Account within the Series A Note Payment Fund, an amount equal to the principal amount of the Series A Notes which is due on such date; provided that Net Pledged Revenues are required to be paid into the Reimbursement Account in the Series A Note Payment Fund only to the extent that the sum of (i) the amount contained therein and any amount transferred from the Acquisition Fund to the Principal Account within the Series A Note Payment Fund to pay principal of the Series A Notes on such maturity date plus (ii) the amount of principal of new Series A Notes to be issued on such maturity date to refund such Outstanding Series A Notes which is to be deposited in the Reimbursement Account of the Series A Note Payment Fund is less than the amount of principal of the Series A Notes which is due on that maturity date.

D. Series B Principal Payments. By 1:30 p.m. (New York City time) on each maturity date for Series B Notes, to the Issuing and Paying Agent for deposit into the Reimbursement Account within the Series B Note Payment Fund, an amount equal to the principal amount of the Series B Notes which is due on such date; provided that Net Pledged Revenues are required to be paid into the Reimbursement Account in the Series B Note Payment Fund only to the extent that the sum of (i) the amount contained therein and any amount transferred from the Acquisition Fund to the Principal Account within the Series B Note Payment Fund to pay principal of the Series B Notes on such maturity date plus (ii) the amount of principal on new Series B Notes to be issued on such maturity date to refund such Outstanding Series B Notes which is to be deposited in the Reimbursement Account of the Series B Note Payment Fund is less than the amount of principal of the Series B Notes which is due on that maturity date.

Such Net Pledged Revenues shall be transferred to the Issuing and Paying Agent by 1:30 p.m. (New York City time) on the maturity date of the applicable series of Notes and shall

be deposited by the Issuing and Paying Agent into the Reimbursement Account of the Series A Note Payment Fund or the Series B Note Payment Fund, as applicable. As further provided in the Issuing and Paying Agent Agreements and in Section 302 hereof, all amounts in the applicable Reimbursement Account shall be used by the Issuing and Paying Agent for the purpose of reimbursing the Bank for Commercial Paper Credit Agreement Obligations incurred on such date for the purpose of paying the principal of and interest on the applicable series of Notes due on such date or to pay the principal of or interest on the applicable series of maturing Notes.

In the event that the Net Pledged Revenues are insufficient to pay all amounts due on all Notes, Commercial Paper Credit Agreement Obligations, Parity Bonds, Parity Credit Facility Obligations, Reserve Fund Insurance Policy repayments relating to Parity Bonds or Parity Loan Agreements, such moneys shall be allocated, pro rata, to the payment of amounts due thereunder. The Owners of the Notes and the Bank shall have an equal priority right with the Owners of Parity Bonds and the providers of Credit Facilities relating thereto and Reserve Fund Insurance Policies relating thereto and the parties to any Parity Loan Agreements to the Net Pledged Revenues and the Net Pledged Revenues are hereby pledged to the payment thereof without priority or distinction of one over the others.

Section 509. Termination of Deposits. Provided that no Commercial Paper Credit Agreement Obligations are owed to the Bank under the Series A Credit Agreement or to the Bank under the Series B Credit Agreement, as the case may be, no payment need be made into the Series A Note Payment Fund or the Series B Note Payment Fund if the amount therein totals a sum at least sufficient so that all Notes of such series Outstanding are deemed to have been paid pursuant to Section 1001 hereof, in which case moneys therein (taking into account the known minimum gain from any investment of such moneys in Investment Securities from the time of any such investment or deposit shall be needed for such payment which will not be designated for transfer to the Rebate Fund) shall be used (together with any such gain from such investments) solely to pay the Debt Service Requirements of the Series A Notes or Series B Notes, as applicable, as the same become due; and any moneys in excess thereof in that Fund and any other moneys derived from the Net Pledged Revenues or otherwise pertaining to the System may be used as otherwise provided in this Article.

Section 510. Rebate Fund. Fourthly, there shall be deposited into the special and separate account hereby created and to be known as the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, Series A and B Rebate Fund" moneys in the amounts and at the times specified in the Tax Compliance Certificate so as to enable the City to comply with Section 728 hereof. The Finance Director may establish such subaccounts in the Rebate Fund as are desirable or are required by the Tax Compliance Certificate. Amounts on deposit in the Rebate Fund shall not be subject to the lien and pledge of this ordinance to the extent that such amounts are required to be paid to the United States Treasury. The City shall cause amounts on deposit in the Rebate Fund to be forwarded to the United States Treasury (at the address provided in the Tax Compliance Certificate) at the times and in the amounts set forth in the Tax Compliance Certificate.

If the moneys on deposit in the Rebate Fund are insufficient for the purposes thereof, the City shall transfer moneys in the amount of the insufficiency to the Rebate Fund from the Acquisition Fund, the Series A Note Payment Fund and the Series B Note Payment Fund. Upon receipt by the City of an Opinion of Bond Counsel acceptable to the City to the effect that the amount in the Rebate Fund is in excess of the amount required to be contained therein, such excess shall be transferred to the Income Fund.

Section 511. Interest on Reserve Fund Insurance Policy Draws. Fifthly, there shall be paid interest on amounts advanced under any Reserve Fund Insurance Policy to the provider of such Policy.

Section 512. Payment of Subordinate Securities. Sixthly, and subject to the provisions hereinabove in this Article, but subsequent to the payments required by Sections 506, 507, 508, 510 and 511 hereof, any moneys remaining in the Income Fund may be used by the City for the payment of Debt Service Requirements of Subordinate Securities, including reasonable reserves for such Subordinate Securities and for rebate of amounts to the United States Treasury with respect to such Subordinate Securities, and any Credit Facility Obligations relating to such Subordinate Securities.

Section 513. Use of Remaining Revenues. After the payments hereinabove required to be made by Sections 506 through 512 hereof are made, any remaining Net Pledged Revenues in the Income Fund shall be used, firstly, for any one or any combination of necessary purposes relating to the operation, improvement or debt management of the System and, secondly, to the extent of any remaining surplus, for any one or any combination of lawful purposes as the Council may from time to time conclusively determine.

ARTICLE VI

GENERAL ADMINISTRATION

Section 601. Administration of Accounts. The special accounts designated in Articles IV and V hereof shall be administered as provided in this Article (but not any account under Section 1001 hereof).

Section 602. Places and Times of Deposits. Except as hereinafter provided, the Income Fund, the Acquisition Fund, the Series A Note Payment Fund, the Series B Note Payment Fund and the Rebate Fund shall be maintained as book accounts and kept separate from all other accounts as trust accounts solely for the purposes herein designated therefor. The Income Fund, the Acquisition Fund and the Rebate Fund shall be held and administered by the City. The Series A Note Payment Fund and the Series B Note Payment Fund shall be held and administered by the Issuing and Paying Agent for the benefit of the Owners of the Notes. The moneys contained in the Principal Account and the Interest Account of the Series A Note Payment Fund shall not be comingled with moneys contained in the Reimbursement Account of the Series A Note Payment Fund. The moneys contained in the Principal Account and the Interest Account of the Series B Note Payment Fund shall not be comingled with moneys contained in the Reimbursement Account of the Series B Note Payment Fund. The moneys accounted for in the Income Fund, the Acquisition Fund and the Rebate Fund shall be in one bank account or more in one or more Commercial Banks. Each such bank account shall be continuously secured to the fullest extent required or permitted by the laws of the State for the securing of public funds and shall be irrevocable and not withdrawable by anyone for any purpose other than the respective designated purposes. Moneys shall be paid by the City to the Issuing and Paying Agent for deposit in the Series A Note Payment Fund and the Series B Note Payment Fund in the amounts, on the dates and by the times specified in Section 508 hereof.

Section 603. Investment of Moneys. Any moneys in the Income Fund, the Acquisition Fund and the Rebate Fund and not needed for immediate use shall be invested or reinvested by the Finance Director in Investment Securities. All such investments shall (a) either be subject to redemption at any time at a fixed value by the holder thereof at the option of such holder, or (b) mature not later than the estimated date or respective dates on which the proceeds are to be expended as estimated by the Finance Director at the time of such investment or reinvestment. For the purpose of any such investment or reinvestment, Investment Securities shall be deemed to mature at the earliest date on which the obligor is, on demand, obligated to pay a fixed sum in discharge of the whole of such obligations. Moneys in the Series A Note Payment Fund and in the Series B Note Payment Fund shall not be invested.

Section 604. Scheduling Acquisition Fund Disbursements. The Director shall furnish to the Finance Director schedules of the amounts and times when funds are estimated by the Director to be needed to pay the Cost of the Project. The Finance Director may conclusively rely upon the estimates contained in such schedules or any addendum thereto in making any investment or reinvestment of moneys in the Acquisition Fund.

Section 605. Accounting for Investments. The Investment Securities so purchased as an investment or reinvestment of moneys in the Income Fund, the Acquisition Fund and the Rebate Fund shall be deemed at all times to be a part of the applicable Fund. Any interest or other gain from any investments and reinvestments of moneys accounted for in the Income Fund, the Acquisition Fund and Rebate Fund shall be credited to such Fund, and any loss

resulting from any such investments or reinvestments of moneys accounted for in such Fund shall be charged or debited to such Fund. No loss or profit in any account on any investments or reinvestments in Investment Securities shall be deemed to take place as a result of market fluctuations of the Investment Securities prior to the sale or maturity thereof. In the computation of the amount in any account for any purpose hereunder, except as herein otherwise expressly provided or for rebate purposes, as described in the Tax Compliance Certificate, Investment Securities shall be valued at the cost thereof (including any amount paid as accrued interest at the time of purchase of the obligation); provided that any time or demand deposits shall be valued at the amounts deposited, in each case exclusive of any accrued interest or any other gain to the City until such gain is realized by the presentation of matured coupons for payment or otherwise.

Section 606. Redemption or Sale of Investment Securities. The Finance Director shall present for redemption or sale on the prevailing market at the best price obtainable any Investment Securities so purchased as an investment or reinvestment of moneys in the applicable account whenever it shall be necessary in order to provide moneys to meet any withdrawal, payment or transfer from such account. Neither the Finance Director or any other officer or employee of the City shall be liable or responsible for any loss resulting from any such investment or reinvestment made in accordance with this ordinance. The Finance Director shall promptly notify the Director of any gain or loss in any account and the Council of any substantial loss in any account.

Section 607. Character of Funds. The moneys in any account herein designated in Articles IV and V hereof shall consist either of lawful money of the United States or Investment Securities, or both such money and such Investment Securities. Moneys deposited in a demand or time deposit account in a bank or savings and loan association, appropriately secured according to the laws of the State, shall be deemed lawful money of the United States.

ARTICLE VII

PROTECTIVE COVENANTS

Section 701. Performance of Duties. The City, acting by and through the Council or otherwise, shall faithfully and punctually perform, or cause to be performed, all duties with respect to the Gross Pledged Revenues and the System required by the Constitution and laws of the State and the Charter and various ordinances of the City, including, without limitation, the making and collection of reasonable and sufficient fees, rates and other charges for services rendered or furnished by or the use of the System, as herein provided, and the proper segregation of the proceeds of the Notes and of any securities hereafter authorized and the Gross Pledged Revenues and their application from time to time to the respective accounts provided therefor.

Section 702. Contractual Obligations. The City shall perform all contractual obligations undertaken by it under any agreements relating to the Notes, the Gross Pledged Revenues, the Project or the System, or any combination thereof, with any other Persons.

Section 703. Further Assurances. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, deliver and file or record all and every such further instruments, acts, deeds, conveyances, assignments, transfers, other documents and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, the Gross Pledged Revenues and other moneys and accounts hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or to assign, or as may be reasonable and required to carry out the purposes of this ordinance and to comply with any instrument of the City amendatory thereof, or supplemental thereto and the Charter. The City, acting by and through the Council, or otherwise, shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Gross Pledged Revenues and other moneys and accounts pledged hereunder and all the rights of every Owner of any Note hereunder against all claims and demands of all Persons whomsoever.

Section 704. Conditions Precedent. Upon the date of issuance of the Notes, all conditions, acts and things required by the federal or State Constitution, the Charter, the Supplemental Public Securities Act or by this ordinance to exist, to have happened and to have been performed precedent to or in the issuance of the Notes shall exist, have happened, and have been performed; and the Notes, together with all other obligations of the City, shall not contravene any debt or other limitation prescribed by the State Constitution or the Charter.

Section 705. Efficient Operation and Maintenance. The City shall at all times operate the System properly and in a sound and economical manner; and the City shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof in good repair, working order and condition, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted. All salaries, fees, wages and other compensation paid by the City in connection with the maintenance, repair and operation of the System shall be reasonable and proper.

Section 706. Rules, Regulations and Other Details. The City, acting by and through the Council, shall establish and enforce reasonable rules and regulations governing the operation, use and services of the System. The City shall observe and perform all of the terms and conditions contained in this ordinance and the Charter, and shall comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or to the City.

Section 707. Payment of Governmental Charges. The City shall pay or cause to be paid all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof, or upon any portion of the Gross Pledged Revenues, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the System or any part thereof, except for any period during which the same are being contested in good faith by proper legal proceedings. The City shall not create or suffer to be created any lien upon the System, or any part thereof, or upon the Gross Pledged Revenues, except the pledge and lien created by this ordinance for the payment of the Debt Service Requirements of the Notes and except as herein otherwise permitted. The City shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge, within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System, or any part thereof, or the Gross Pledged Revenues; but nothing herein requires the City to pay or cause to be discharged or to make provision for any such tax, assessment, lien or charge, so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

Section 708. Protection of Security. The City, the officers, agents and employees of the City, and the Council shall not take any action in such manner or to such extent as might prejudice the security for the payment of the Debt Service Requirements of the Notes, the Commercial Paper Credit Agreement Obligations or the Debt Service Requirements of any other securities payable from the Net Pledged Revenues or any Credit Facility Obligations relating thereto, any Reserve Fund Insurance Policy repayment obligations relating thereto, any amounts due and owing under any Parity Loan Agreements or under any First Lien Financial Products Agreement according to the terms thereof. No contract shall be entered into nor any other action taken by which the rights of the Bank, any Owner of any Note or other security payable from Net Pledged Revenues or any provider of a Credit Facility or a Reserve Fund Insurance Policy relating thereto, any party to a Parity Loan Agreement or a Provider of any First Lien Financial Products Agreement might be prejudicially and materially impaired or diminished.

Section 709. Prompt Payment of Notes. The City shall promptly pay the principal of and interest on the Notes at the places, on the dates and in the manner specified herein and in the Notes according to the true intent and meaning hereof.

Section 710. Other Liens. The City will not create or permit the creation of any pledge, lien, charge or other encumbrance upon System, or any part thereof, or upon the Net Pledged Revenues while any of the Notes are Outstanding or any Commercial Paper Credit Agreement Obligations are unpaid, except (a) as otherwise permitted by the First Lien Bond Ordinances, (b) in connection with the issuance of Parity Bonds and (c) except as otherwise permitted herein. Nothing herein prevents the City from issuing additional First Lien Bonds, Parity Bonds or obligations secured by a pledge of Net Pledged Revenues which is junior and subordinate to the payment of the Debt Service Requirements of the Notes and Commercial Paper Credit Agreement Obligations and which junior and subordinate obligations are payable as to principal

and reserve fund requirements, if any, and interest out of Net Pledged Revenues only after the prior payment of all amounts then required to be paid for principal and reserve fund requirements, if any, of and interest on all First Lien Bonds, the Notes, Commercial Paper Credit Agreement Obligations and all Parity Bonds as the same become due and payable.

Section 711. Corporate Existence. The City shall maintain its corporate identity and existence so long as any of the Notes remain Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities, duties and immunities of the City and is obligated by law to operate and maintain the System and to fix and collect the Gross Pledged Revenues as herein provided without adversely and materially affecting at any time the privileges and rights of any Owner of any Outstanding Note or the Bank.

Section 712. Disposal of System Prohibited. Except for the use of the System and services pertaining thereto in the normal course of business, neither all nor substantially all of the System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of, so long as any Notes are Outstanding or any Commercial Paper Credit Agreement Obligations are unpaid.

Section 713. Disposal of Unnecessary Property. Except as otherwise provided by the Charter and in Section 712 hereof, the City may sell, exchange or otherwise dispose of property, facilities and assets of the System at any time and from time to time and may lease, contract or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights to the properties, facilities and assets of the System. Any proceeds of any such sale, exchange or other disposition received and not used to replace such property so sold or so exchanged or otherwise so disposed of, shall be deposited by the City in the Income Fund or into a special book account for the betterment, enlargement, extension, other improvement and equipment of the System, or any combination thereof, as the Council may determine, and any proceeds of any such lease received shall be deposited by the City as Gross Pledged Revenues in the Income Fund.

Section 714. Competing System. So long as any of the Notes are Outstanding or any Commercial Paper Credit Agreement Obligations are unpaid, the City shall not grant any franchise or license to any competing facilities so that the Gross Pledged Revenues shall not be sufficient to satisfy the covenant in Section 719 hereof.

Section 715. Loss From Condemnation. If any part of the System is taken by the exercise of the power of eminent domain, the amount of any award received by the City as a result of such taking shall be paid into the Income Fund or into a capital improvement account pertaining to the System for the purposes thereof or applied to the redemption of Outstanding First Lien Bonds, or the payment of First Lien Credit Facility Obligations relating thereto, or if no First Lien Bonds are Outstanding and no First Lien Credit Facility Obligations are unpaid, may be applied to the payment of the Outstanding Notes and the redemption of any Outstanding Parity Bonds or the payment of Parity Credit Facility Obligations, all as the City may determine.

Section 716. Employment of Management Engineers. If the City defaults in paying the Debt Service Requirements of the Notes or any other securities payable from Net Pledged Revenues, Credit Facility Obligations relating thereto, Commercial Paper Credit Agreement Obligations, or payments under any First Lien Financial Products Agreements (other than Termination Payments) payable from the Net Pledged Revenues promptly as the same fall due, or in the keeping of any covenants herein contained, and if such default continues for a period

of 60 days, or if the Net Pledged Revenues in any Fiscal Year fail to equal at least the sum of the Debt Service Requirements of the Notes and any other securities payable from Net Pledged Revenues (including all reserves therefor specified in the authorizing proceedings), Credit Facility Obligations relating thereto, Commercial Paper Credit Agreement Obligations, payments under any Parity Loan Agreements and any First Lien Financial Products Agreements (other than Termination Payments) payable from the Net Pledged Revenues in that Fiscal Year, the City shall retain a firm of competent management engineers skilled in the operation of such facilities to assist the management of the System so long as such default continues or so long as the Net Pledged Revenues are less than the amount hereinabove designated in this Section.

Section 717. Budgets. The Council and officials of the City shall annually and at such other times as may be provided by law prepare and adopt a budget pertaining to the System.

Section 718. Reasonable and Adequate Charges. While the Notes remain Outstanding and unpaid or while any Commercial Paper Credit Agreement Obligations are outstanding and unpaid, the fees, rates and other charges due to the City for the use of or otherwise pertaining to and services rendered by the System to the City, to its inhabitants and to all other users within and without the boundaries of the City shall be reasonable and just, taking into account and consideration public interests and needs, the cost and value of the System, the Operation and Maintenance Expenses thereof, and the amounts necessary to meet the Debt Service Requirements of all Notes and any other securities payable from the Net Pledged Revenues, including, without limitation, reserves and any replacement accounts therefor, and, without duplication, Credit Facility Obligations relating thereto and obligations under any Parity Loan Agreements and any First Lien Financial Products Agreements (other than Termination Payments).

Section 719. Adequacy and Applicability of Charges. There shall be charged against users of service pertaining to and users of the System, including the City, except as provided in Section 720 hereof, such fees, rates and other charges so that the Gross Pledged Revenues shall be adequate to meet the requirements of this and the preceding Sections hereof. Such charges pertaining to the System shall be at least sufficient so that the Gross Pledged Revenues annually are sufficient to pay in each Fiscal Year:

A. Operation and Maintenance Expenses. An amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

B. First Lien Bond Ordinances. An amount equal to that required by the First Lien Bond Ordinances;

C. Principal and Interest. An amount equal to 100% of the interest on the Notes and the principal and interest on any Parity Bonds then Outstanding payable in that Fiscal Year (excluding the reserves therefor). For the purpose of establishing the fees, rates and other charges for the use of the System to comply with this paragraph with respect to interest payable on the Notes, it shall be assumed that (a) the principal amount of the Notes Outstanding shall be the average amount forecasted by the City to be Outstanding during such Fiscal Year and (b) interest on the Notes shall be calculated by assuming the interest rate on the Notes is a fixed interest rate equal to the average daily interest rate for all Notes during the twelve months preceding the calculation or during the time the Notes have been Outstanding if less than twelve months and if the Notes are not then Outstanding, the interest rate shall be deemed to be a fixed interest rate equal to the average daily interest rate which would have been applicable if

the Notes had been Outstanding for the preceding twelve month period as estimated by the Finance Director, and

D. Other Amounts. Any amounts required to pay all sums, if any, due and owing to with respect to any Commercial Paper Credit Agreement Obligations, any Parity Credit Facility Obligations, any Reserve Fund Insurance Policies relating to Parity Bonds and any Parity Loan Agreements and to meet then existing deficiencies pertaining to any fund or account relating to the Gross Pledged Revenues or any securities payable therefrom.

Section 720. Limitations Upon Free Service. No free service or facilities shall be furnished by the System, except as hereinafter provided. If the City elects to use for municipal purposes any water, water facilities, electricity, gas, sanitary sewer, or other services and facilities provided by the System or otherwise to use the System or any part thereof, any such use will be paid for from the City's general fund or from other available revenues other than Gross Pledged Revenues at the reasonable value of the use so made; provided that the City need not pay for any such use by the City of any facilities of the water system for fire protection purposes or for any such use by the City of any facilities of the water system for the purpose of watering City owned parks. All the income so derived from the City shall be deemed to be income derived from the operation of the System, to be used and to be accounted for in the same manner as any other income derived from the operation of the System.

Section 721. Levy of Charges. The City shall forthwith and in any event prior to the delivery of any of the Notes, fix, establish and levy the fees, rates and other charges which are required by Section 719 of this ordinance, if such action is necessary therefor. No reduction in any initial or existing rate schedule for the System may be made unless the audit required by the Independent Accountant by Section 725 hereof for the full Fiscal Year immediately preceding such reduction discloses that the estimated revenues resulting from the proposed rate schedule for the System, after the schedule's proposed reduction, shall be at least sufficient to produce the amounts required by Section 719 hereof.

Section 722. Collection of Charges. The City shall cause all fees, rates and other charges pertaining to the System to be collected as soon as is reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment of such charges, and for the use of the System, and shall provide methods of collection and penalties, to the end that the Gross Pledged Revenues shall be adequate to meet the requirements of this ordinance and any other ordinance supplemental thereto.

Section 723. Procedure for Collecting Charges. All bills for water, electric, gas and wastewater services or facilities and all other services or facilities furnished or served by or through the System shall be rendered to customers on a regularly established basis. The fees, rates and other charges due shall be collected in a lawful manner, including, without limitation, discontinuance of service.

Section 724. Maintenance of Records. So long as any of the Notes are Outstanding or any Commercial Paper Credit Agreement Obligations are unpaid, proper books of record and account shall be kept by the City, separate and apart from all other records and accounts.

Section 725. Audits Required. The City, within 60 days following the close of each Fiscal Year, shall order an audit for the Fiscal Year of such books and accounts to be made forthwith by an Independent Accountant, and order an audit report showing the receipts and disbursements for each account pertaining to the System and the Gross Pledged Revenues.

Section 726. Accounting Principles. System records and accounts, and audits thereof, shall be currently kept and made, as nearly as practicable, in accordance with the then generally accepted accounting principles, methods and terminology followed and construed for utility operations comparable to the System, except as may be otherwise provided herein or required by applicable law or regulation or by contractual obligation existing on the effective date of this ordinance.

Section 727. Insurance and Reconstruction. Except to the extent of any self-insurance, the City shall at all times maintain with responsible insurers fire and extended coverage insurance, worker's compensation insurance, public liability insurance and all such other insurance as is customarily maintained with respect to utilities of like character against loss of or damage to the System and against loss of revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City, each Owner of a Note and the Bank. If any useful part of the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of any use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and to the extent not so applied shall (together with the proceeds of any such use and occupancy insurance) be deposited in the Income Fund by the City as revenues derived from the operation of the System. If the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for the payment of the same, moneys in the Income Fund shall be used to the extent necessary for such purposes, as permitted by Section 513 hereof.

Section 728. Federal Income Tax Exemption. The City covenants for the benefit of the Owners of the Notes that it will not take any action or omit to take any action with respect to the Notes, the proceeds thereof, any other funds of the City or any facilities financed or refinanced with the proceeds of the Notes if such action or omission (a) would cause the interest on the Notes to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (b) would cause interest on the Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Code in calculating corporate alternative minimum taxable income or (c) would cause interest on the Notes to lose its exclusion from Colorado taxable income or Colorado alternative minimum taxable income under present State law. In furtherance of this covenant, the City agrees to comply with the procedures set forth in the Tax Compliance Certificate. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Notes until the date on which all obligations of the City in fulfilling the above covenant under the Code and Colorado law have been met.

Section 729. Commercial Paper Credit Agreements and Fee Agreements. The City shall comply with its obligations under the Commercial Paper Credit Agreements and the Fee Agreements.

Section 730. Series A Letter of Credit and Series B Letter of Credit: Alternate Facilities. The City will at all times maintain in effect the Series A Letter of Credit and the Series B Letter of Credit or an Alternate Facility enabling the Issuing and Paying Agent to draw thereunder an amount equal to the principal amount of the applicable series of Notes Outstanding and an amount equal to 270 days accrued interest thereon computed at the rate of 12% per annum. On or prior to the date of the delivery of an Alternate Facility, each Note that was secured by the

Series A Letter of Credit or the Series B Letter of Credit, as the case may be, shall have matured and been paid pursuant to a drawing on the Series A Letter of Credit or Series B Letter of Credit, as applicable, in effect prior to delivery of the Alternate Facility or the other sources of funds provided in Section 508 hereof and all Commercial Paper Credit Agreement Obligations relating thereto shall be paid in full on or prior to the date of delivery of such Alternate Facility. The Finance Director shall promptly give notice of the acceptance of such Alternate Facility to the applicable Dealer and the Issuing and Paying Agent by first class mail, postage prepaid, at the addresses set forth in Section 1004 hereof. In connection with any delivery of an Alternate Facility, the Finance Director shall deliver to the Issuing and Paying Agent and the applicable Dealer written evidence of the ratings assigned by the Rating Agencies which take into account such delivery. Such written evidence shall be delivered not less than 20 days prior to the effective date of the Alternate Facility. Following the substitution of an Alternate Facility for the Series A Letter of Credit, the Series B Letter of Credit or an Alternate Facility then in effect, all references to the applicable Commercial Paper Credit Agreement, the Series A Letter of Credit, the Series B Letter of Credit or the Alternate Facility then in effect replaced thereby will be deemed to be references to such Alternate Facility.

Section 731. Appointment of Dealers. Barclays Capital Inc. is hereby appointed as the initial Series A Dealer and Goldman, Sachs & Co. is hereby appointed as the initial Series B Dealer. The City covenants and agrees to take all reasonable steps necessary to assure that, at all times, there shall be one or more Dealers for each series of the Notes, and to that end shall from time to time enter into one or more Dealer Agreements with such Dealers, providing for the services specified in such Dealer Agreements to be performed by such Dealers, in connection with the offering, sale and issuance of Notes.

Section 732. Issuing and Paying Agent. U.S. Bank National Association is hereby appointed as the Issuing and Paying Agent. The City will at all times maintain an Issuing and Paying Agent for the Notes.

If the Issuing and Paying Agent initially appointed hereunder shall resign, or if the City shall reasonably determine that the Issuing and Paying Agent has become incapable of performing its duties hereunder, the City may, with the consent of the Bank (such consents to not be unreasonably withheld), upon notice mailed to each Owner of the Notes Outstanding at its address last shown on the registration records and the Dealers, remove such Issuing and Paying Agent and appoint a successor Issuing and Paying Agent. No resignation or removal of the Issuing and Paying Agent shall take effect until a successor is appointed, such successor shall have accepted such appointment and the Series A Letter of Credit and the Series B Letter of Credit have been transferred to such successor. Every such successor Issuing and Paying Agent shall be a Commercial Bank with corporate trust powers.

Any corporation or association into which the Issuing and Paying Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be and become the successor Issuing and Paying Agent under this ordinance, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this ordinance to the contrary notwithstanding.

ARTICLE VIII

PRIVILEGES, RIGHTS AND REMEDIES

Section 801. Owners' and Bank's Remedies. Each Owner of any Note and the Bank shall be entitled to all of the privileges, rights and remedies provided or permitted in the Charter and this ordinance, and as otherwise provided or permitted by law or in equity or by any statutes, except as provided in Sections 202 through 206 hereof, but subject to the provisions herein concerning the pledge of and the covenants and the other contractual provisions concerning the Gross Pledged Revenues and the proceeds of the Notes.

Section 802. Right to Enforce Payment. Nothing in this Article affects or impairs the right of any Owner of any Note to enforce the payment of the Debt Service Requirements due in connection with his or her Note or the obligation of the City to pay the Debt Service Requirements of each Note to the Owner thereof at the time and the place expressed in the Note or the right of the Bank to enforce the payment of the Commercial Paper Credit Agreement Obligations or the obligation of the City to pay the Commercial Paper Credit Agreement Obligation to the Bank at the time and the place expressed in the Commercial Paper Credit Agreements.

Section 803. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Nonpayment of Principal. Payment of the principal of any of the Notes is not made when the same becomes due and payable, either at maturity or otherwise;

B. Nonpayment of Interest or Commercial Paper Credit Agreement Obligation. Payment of any installment of interest on any of the Notes is not made when the same becomes due and payable or payment of any Commercial Paper Credit Agreement Obligation is not made when the same becomes due and payable;

C. Cross Defaults. The occurrence and continuance of an "event of default," as defined in any First Lien Bond Ordinance or Parity Bond Ordinance;

D. Failure to Reconstruct. The City unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure promptly to repair the same is due to impracticability of such repair or replacement or is due to a lack of moneys therefor or for any other reason), but it shall not be an Event of Default if such reconstruction is not essential to the efficient operation of the System;

E. Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the System or for the Gross Pledged Revenues and any other moneys subject to the lien to secure the payment of the Notes, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry; and

F. Default of Any Provision. The City defaults in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other

provisions contained in the Notes or in this ordinance on its part to be performed, and such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the City by the Bank or the Owners of not less than 25% in aggregate principal amount of the Notes then Outstanding.

Section 804. Remedies for Defaults. Upon the happening and continuance of any Event of Default, the Owner or Owners of not less than 25% in aggregate principal amount of the Notes then Outstanding, including, without limitation, a trustee or trustees therefor or the Bank, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any Owner of Bonds and the Bank under this ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained herein or in an award of execution of any power herein granted for the enforcement of any proper legal or equitable remedy as such Owner or Owners or the Bank may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoy any act or thing which may be unlawful or in violation of any right of any Owner of any Note or the Bank, or to require the City to act as if it were the trustee of an expressed trust, or any combination of such remedies. All such proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of the Bank, all Owners of the Notes and any Parity Bonds and the providers of any Credit Facility relating thereto and Reserve Fund Insurance Policies relating thereto and the parties to any Parity Loan Agreements, subject to the superior rights of the Owners of the First Lien Bonds then Outstanding, the providers of any First Lien Credit Facilities and the Providers of any First Lien Financial Products Agreements (other than with respect to Termination Payments).

Section 805. Receiver's Rights and Privileges. Any receiver appointed in any proceedings to protect the rights of such Owners and the Bank hereunder, the consent to any such appointment being hereby expressly granted by the City, may enter and may take possession of the System, may operate and maintain the same, may prescribe fees, rates and other charges, and may collect, receive and apply all Gross Pledged Revenues arising after the appointment of such receiver in the same manner as the City itself might do.

Section 806. Rights and Privileges Cumulative. The failure of any Owner of any Outstanding Bond or the Bank to proceed in any manner herein provided shall not relieve the City, or any of its officers, agents or employees of any liability for failure to perform or carry out any duty, obligation or other commitment. Each right or privilege of any such Owner (or trustee thereof) or the Bank is in addition and is cumulative to any other right or privilege, and the exercise of any right or privilege by or on behalf of any Owner or the Bank shall not be deemed a waiver of any other right or privilege thereof.

Section 807. Duties upon Defaults. Upon the happening of any Event of Default, the City shall do and perform all proper acts on behalf of and for (a) the Owners of Notes to protect and to preserve the security created for the payment of the Notes and to insure the payment of the Debt Service Requirements of the Notes promptly as the same become due and (b) the Bank to protect and to preserve the security created for the payment of the Commercial Paper Credit Agreement Obligations and to insure the payment of the Commercial Paper Credit Agreement Obligations promptly as the same become due. While any Event of Default exists, and subject to any superior rights of the Owners of the First Lien Bonds then Outstanding, the providers of any First Lien Credit Facilities and the Providers of any First Lien Financial Products Agreements (other than with respect to Termination Payments), except to the extent it may be unlawful to do so, all Gross Pledged Revenues shall be paid into the Series A Note

Payment Fund, the Series B Note Payment Fund and into bond or similar funds established for any Parity Bonds then Outstanding and to funds established with respect to Parity Loan Agreements, pro rata based upon the aggregate principal amount of the Series A Notes, the Series B Notes, Commercial Paper Credit Agreement Obligations and Parity Bonds then Outstanding and amounts, if any, due and owing under Parity Loan Agreements. If the City fails or refuses to proceed as in this Section provided, the Bank or the Owner or Owners of not less than 25% in aggregate principal amount of the Notes then Outstanding, after demand in writing, may proceed to protect and to enforce the rights of the Bank and the Owners of the Notes as hereinabove provided, and to that end the Bank and any such Owners of the Outstanding Notes shall be subrogated to all rights of the City under any agreement, lease or other contract involving the System or the Gross Pledged Revenues entered into prior to the effective date of this ordinance or thereafter while any of the Notes are Outstanding.

Section 808. Priority of First Lien Bonds. Notwithstanding any provisions contained in Sections 804, 805, 806 and 807 hereof to the contrary, upon the occurrence of an Event of Default the rights and remedies of the Bank and the Owners of the Notes are subject to the superior rights and priority of the Owners of any First Lien Bonds then Outstanding, the providers of any First Lien Credit Facilities relating thereto and the Providers of any First Lien Financial Products Agreements (other than with respect to Termination Payments).

ARTICLE IX

AMENDMENT OF ORDINANCE

Section 901. Privilege of Amendments. Except as hereafter provided, this ordinance may be amended or supplemented by ordinances adopted by the Council in accordance with law, including the Charter, without receipt by the City of any additional consideration, but the written consent of the Owners of a majority in aggregate principal amount of the Parity Bonds then Outstanding. For the purposes of the immediately preceding sentence, the Bank shall be considered to be the Owner of the applicable series of Notes so long as (a) the Commercial Paper Credit Agreements are then in effect and the Bank has not failed to honor a property presented and conforming drawing under the Series A Letter of Credit or the Series B Letter of Credit. Notwithstanding the foregoing, no such ordinance shall permit:

A. Changing Payment. A change in the maturity, terms of redemption or interest payment of any Outstanding Parity Bond without the consent of the Owner of such Parity Bond; or

B. Reducing Return. A reduction in the principal amount of any Parity Bond or the rate of interest thereon, without the consent of the Owner of such Parity Bond; or

C. Prior Lien. Except as provided in Section 710 hereof, the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by this ordinance; or

D. Modifying Any Parity Bond. A reduction of the principal amount or percentages or otherwise affecting the description of Parity Bonds the consent of the Owners of which is required for any such modification or amendment; or

E. Priorities Between Bonds. The establishment of priorities as between Parity Bonds issued and Outstanding.

Notwithstanding the foregoing provisions of this Section, this ordinance and the rights and obligations of the City and of the Owners of the Notes may also be modified or amended at any time, without the consent of any Owners of the Notes but with the consent of Bank so long as (a) the Commercial Paper Credit Agreements are then in effect and the Bank has not failed to honor a property presented and conforming drawing under the Series A Letter of Credit or the Series B Letter of Credit but only to the extent permitted by law and only for any or all of the following purposes:

(1) to add to the covenants and agreements of the City in this ordinance contained other covenants and agreements thereafter to be observed; or

(2) to make modifications or adjustments necessary, appropriate or desirable to accommodate credit enhancements, liquidity facilities and Alternate Facilities, provided that no such provision shall materially and adversely affect the interests of the Owners of the Notes or the Bank; or

(3) to make such provisions for the purpose of curing any ambiguity or of curing or correcting any formal defect or omission in this ordinance, or in regard to questions arising under this ordinance, as the City may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Parity Bonds or the Bank.

Section 902. Notice of Amendment. Whenever the Council proposes to amend or modify this ordinance under the provisions of this Article, it shall cause notice of the proposed amendment to be mailed to the Bank, the Dealers and Owners of all Outstanding Parity Bonds at their addresses as the same last appear on the registration records maintained by the Issuing and Paying Agent and any paying agent for any other Parity Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory ordinance is on file in the office of the Clerk for public inspection.

Section 903. Time for Amendment. If the ordinance is required to be consented to by the Owners of the Parity Bonds, whenever at any time within one year from the date of the giving of such notice there shall be filed in the office of the Clerk an instrument or instruments executed by the Owners of at least a majority in aggregate principal amount of all Parity Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective. If the ordinance is not required to be consented to by the Owners of the Parity Bonds, the amendatory ordinance may be adopted by the Council at any time. If the ordinance is required to be consented to by the Bank, whenever there shall be filed in the office of the Clerk an instrument or instruments executed by the Bank, which instrument or instruments shall refer to the proposed amendatory ordinance described in such notice and shall specifically consent to and approve the adoption of such ordinance, the Council may adopt such amendatory ordinance and such ordinance shall become effective.

Section 904. Binding Consent to Amendment. If the Owners of not less than a majority in aggregate principal amount of the Parity Bonds Outstanding at the time of the adoption of such amendatory ordinance requiring consent of the Owners of the Parity Bonds, or the predecessors in title of such Owners, shall have consented to and approved the adoption thereof as herein provided, no Owner of any Parity Bond, whether or not such Owner shall have consented to or shall have revoked any consent as in this Article provided, shall have any right to object to the adoption of such amendatory ordinance or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the City from taking any action pursuant to the provisions thereof.

Section 905. Time Consent Binding. Any consent given by the Owner of a Note pursuant to the provisions of this Article shall be irrevocable for a period of 6 months from the date of the giving of the notice above provided for and shall be conclusive and binding upon all future Owners of the same Note during such period. Such consent may be revoked at any time after 6 months from the date of such giving of such notice by the Owner who gave such consent or by a successor in title by filing notice of such revocation with the Clerk, but such revocation shall not be effective if the Owners of not less than a majority in aggregate principal amount of the Parity Bonds Outstanding as in this Article provided, prior to the attempted revocation, consented to and approved the amendatory ordinance referred to in such revocation.

Section 906. Exclusion of City's Notes. At the time of any consent or of other action taken under this Article, the City shall furnish to the Clerk a certificate of the Treasurer, upon

which the City may rely, describing all Notes to be excluded for the purpose of consent or of other action or of any calculation of Outstanding Notes provided for in this Article, and the City shall not be entitled with respect to such Notes to give any consent or to take any other action provided for in this Article, as provided in Section 102B hereof.

Section 907. Notation on Notes. Notes authenticated and delivered after the effective date of any action taken as in this Article provided may bear a notation by endorsement or otherwise in form approved by the Council as to such action; and after the approval of such notation, then upon demand of the Owner of any Note Outstanding and upon presentation of his or her Note for that purpose at the Principal Corporate Trust Office of the Issuing and Paying Agent, suitable notation shall be made on such Note by the Issuing and Paying Agent as to any such action. If the Council so determines, new Notes, so modified as in the opinion of the Council conform to such action, shall be prepared, executed, authenticated and delivered; and upon demand of the Owner of any Note then Outstanding, shall be exchanged without cost to such Owner for Notes then Outstanding upon surrender of such Notes.

Section 908. Proof of Instruments and Notes. The fact and date of execution of any instrument under the provisions of this Article, the amount and number of the Notes held by any Person executing such instrument, and the date of his or her holding the same may be proved as provided by Section 1003 hereof.

ARTICLE X

MISCELLANEOUS

Section 1001. Defeasance. When all Debt Service Requirements of the Notes have been duly paid, the Notes shall no longer be deemed to be Outstanding within the meaning of this ordinance and if all Commercial Paper Credit Agreement Obligations due and owing to the Bank have also been paid and the Series A Letter of Credit and the Series B Letter of Credit have been marked cancelled and returned to the Bank, the pledge and lien and all obligations hereunder shall thereby be discharged. There shall be deemed to be such due payment of any Note when the City has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Debt Service Requirements of such Note, as the same become due to the maturity of such Note. The Federal Securities shall become due prior to the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and such bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure such availability as so needed to meet such schedule.

Section 1002. Delegated Powers. The officers and employees of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this ordinance, including, without limitation, the execution of such certificates as may be reasonably required by the Dealers.

Section 1003. Evidence of Note Owners. Any request, consent or other instrument which this ordinance may require or may permit to be signed and to be executed by the Owners of any Notes may be in one or more instruments of similar tenor and shall be signed or shall be executed by each such Owner in person or by his or her attorney appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the holding by any Person of the Notes shall be sufficient for any purpose of this ordinance (except as otherwise herein expressly provided) if made in the following manner:

A. Proof of Execution. The fact and the date of the execution by any Owner of any Notes or his or her attorney of such instrument may be established by a certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Clerk or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act, that the individual signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer; the authority of the individual or individuals executing any such instrument on behalf of a corporate Owner of any securities may be established without further proof if such instrument is signed by an individual purporting to be the president or vice president of such corporation with a corporate seal affixed and attested by an individual purporting to be its secretary or an assistant secretary; and the authority of any Person or Persons executing any such instrument in any fiduciary or representative capacity may be established without further proof if such instrument is signed by a Person or Persons purporting to act in such fiduciary or representative capacity; and

B. Proof of Holdings. The amount of Notes held by any Person and the numbers, date and other identification thereof, together with the date of his or her holding the Notes, shall be proved by the registration records maintained by the Issuing and Paying Agent.

Section 1004. Notices. Except as otherwise may be provided in this ordinance, all notices, certificates, requests or other communications pursuant to this ordinance shall be in writing and shall be sufficiently given and shall be deemed given by personal delivery or when mailed by first class mail, and either delivered or addressed as follows:

If to the City, at:

City of Colorado Springs, Colorado
121 South Tejon Street
Colorado Springs, Colorado 80903
Attention: William J. Cherrier, Chief Planning and Finance Officer

with a copy to:

City of Colorado Springs, Colorado
30 S. Nevada Avenue
Colorado Springs, Colorado 80903
Attention: Wynetta Massey, City Attorney

If to the Issuing and Paying Agent, at:

concerning the daily issuance of Notes:

U.S. Bank National Association
100 Wall Street, 16th Floor
New York, New York 10005
Attention: Commercial Paper Operations

concerning all other matters:

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Administration

If to the Bank, at:

Bank of America, N.A.
211 N. Robinson 2nd Floor
OK1-100-02-30
Oklahoma City, Oklahoma 73102
Attention: Brent Riley, Senior Vice President/Municipal Banking &
Markets

If to the Series A Dealer, at:

Barclays Capital Inc.

745 Seventh Avenue, 2nd Floor
New York, New York 10019
Attention: Short-Term Municipal Products-Manager

with a copy to:

Barclays Capital Inc.
745 Seventh Avenue, 19th Floor
New York, New York 10019
Attention: Hiran Cantu, Public Finance

If to the Series B Dealer, at:

Goldman, Sachs & Co.
200 West Street, 5th Floor
New York, New York 10282
Attention: Municipal Money Market Sales and Trading – CP and Notes
Trading

If to Moody's, at:

Moody's Investors Service
7 World Trade Center at 250 Greenwich Street
New York, New York 10007
Attention: Municipal Structured Products Group

If to Standard & Poor's, at:

Standard & Poor's Rating Service
55 Water Street, 41st Floor
New York, New York 10041-0003
Attention: Structured Finance LOC Surveillance Group
Email: pubfin_structured@standardandpoors.com

Any of the foregoing Persons may, by notice given hereunder to each of the other Persons, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 1005. References to Bank. References in this ordinance to the Bank shall be effective only so long as the Bank has not defaulted under its obligations with respect to the Series A Letter of Credit, Series B Letter of Credit or Alternate Facility to which it is a party and so long as the Commercial Paper Credit Agreement to which it is a party is in full force and effect.

Section 1006. Notice to Rating Agencies. The City shall give written notice to each Rating Agency then rating the Notes of any supplements or amendments to this ordinance any Dealer Agreement and any Issuing and Paying Agent Agreement, any changes to, or expiration, substitution, extension or termination of, a Commercial Paper Credit Agreement, any substitution of a Dealer, the appointment of a successor to the Issuing and Paying Agent and of the date on which there are no longer any Notes Outstanding under this ordinance pursuant to Section 1001 hereof.

Section 1007. Business Day. Any payments or transfers which would otherwise become due on any day which is not a Business Day shall become due or shall be made on the next succeeding Business Day.

INTRODUCED, READ, PASSED ON FIRST READING, APPROVED AND ORDERED
PUBLISHED BY TITLE AND SUMMARY this 10th day of November, 2015.

Finally Passed: November 24, 2015

Merv Bennett, Council President

John W. Suthers, Mayor

ATTEST:

Sarah B. Johnson, City Clerk

EXHIBIT A-1
(First Page of Master Note)

CITY OF COLORADO SPRINGS, COLORADO
UTILITIES SYSTEM COMMERCIAL PAPER NOTE
[SERIES A] [SERIES B]

(Date of Issuance)

The City of Colorado Springs, Colorado (the “City”), in the State of Colorado (the “State”) for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of the City (the “Underlying Records”) as being evidenced by this Master Note, which Underlying Records are maintained by U.S. Bank National Association (the “Issuing and Paying Agent”); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from the Issuing and Paying Agent without the necessity of presentation and surrender of this Master Note.

At the request of the registered owner, the City shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE SUBSEQUENT PAGES HEREOF.

This Master Note is a valid and binding special, limited obligation of the City.

Not Valid Unless Countersigned for Authentication by Issuing and Paying Agent.

Countersigned and Authenticated:

City of Colorado Springs, Colorado
(City)

U.S. Bank National Association
(Issuing and Paying Agent)

By: (Manual or Facsimile Signature)
Chief Executive Officer of
Colorado Springs Utilities

By: _____
(Authorized Countersignature)

By: (Manual or Facsimile Signature)
Chief Planning and Finance Officer of
Colorado Springs Utilities

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the City or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT A-2
(First Page of Note if Master Note Not Used)

CITY OF COLORADO SPRINGS, COLORADO
UTILITIES SYSTEM COMMERCIAL PAPER NOTE
[SERIES A] [SERIES B]

Principal Amount \$
Note Number:
Registered Owner:
Date of Issue:
Maturity Date:

Interest Rate:

Interest Amount: \$

The City of Colorado Springs, Colorado (the "City"), in the State of Colorado (the "State"), for value received, hereby promises to pay to the Registered Owner hereof shown above, or to registered assigns the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date shown above upon presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association (the "Issuing and Paying Agent"). Interest shall be calculated at the rate and according to the calculation convention specified on the records of the City (the "Underlying Records"), copies of which are maintained by the Issuing and Paying Agent. Payment shall be made solely from the source specified in the Underlying Records in the method specified therein.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE SUBSEQUENT PAGES HEREOF.

This Note is a valid and binding special, limited obligation of the City.

Not Valid Unless Countersigned for Authentication by Issuing and Paying Agent.

Countersigned and Authenticated:

City of Colorado Springs, Colorado
(City)

U.S. Bank National Association
(Issuing and Paying Agent)

By: (Manual or Facsimile Signature)
Chief Executive Officer of
Colorado Springs Utilities

By: _____
(Authorized Countersignature)

By: (Manual or Facsimile Signature)
Chief Planning and Finance Officer of
Colorado Springs Utilities

[Subsequent Pages] [2nd Page] of Either Form of Note

The City and the Issuing and Paying Agent may deem and treat the person in whose name this Note is registered as the absolute owner hereof for the purpose of payment and for all other purposes. This Note may not be exchanged or transferred except in circumstances specified in the Underlying Records and in the 2015 Utilities Commercial Paper Ordinance adopted by the City Council of the City (the "Council") authorizing the issuance of this Note (the "ordinance").

It is hereby certified, recited and warranted that all the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Note; that the total indebtedness of the City, including that of this Note, does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State.

This Note is one of a series of notes issued pursuant to the ordinance designated as the "City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, [Series A] [Series B]" (the "Notes"). The Notes have been duly authorized for the purpose of providing moneys to defray a portion of the cost of extending, bettering or otherwise improving and equipping the municipal water system, electric light and power system, gas system, wastewater system and certain other systems designated by the City Council of the City, collectively comprising the City's utilities system (the "System").

The Notes do not constitute a debt or an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation and shall not be considered or held to be general obligations of the City. The Notes are special obligations of the City payable and collectible solely out of amounts paid by the Bank (as defined in the ordinance) pursuant to the [Series A Letter of Credit] [Series B Letter of Credit] and, if the Bank fails to make such payment, from the net revenues derived from the operation and use of the System, which revenues are so pledged; the System does not include any Special Facilities, as defined in the ordinance, and will not include any Special Facilities unless hereafter they shall have been expressly made a part of the System by the City; and the Owner hereof may not look to any general or other fund for payment of the principal of or interest on this Note (the "Debt Service Requirements") except the special funds pledged therefor. The full faith and credit of the City is not pledged for the payment of the amounts due on the Notes or under the ordinance.

Payment of the Debt Service Requirements of the Notes shall be made from and as security for such payment there are irrevocably (but not exclusively) pledged, pursuant to the ordinance, revenues derived from the operation and use of and otherwise pertaining to the System (the "Gross Pledged Revenues"), after provision is made only for the payment of all necessary and reasonable expenses of the operation and maintenance of the System (such remaining revenues the "Net Pledged Revenues") and after provision is made for the payment of the principal of and interest on the First Lien Bonds (as defined in the ordinance) heretofore or hereafter issued and after payment of all amounts required to be paid into the reserve funds and rebate funds for the First Lien Bonds is made and after payment of all amounts required to be made with respect to First Lien Credit Facility Obligations (as defined in the ordinance) and First Lien Financial Products Agreements (as defined in the ordinance) other than with respect to Termination Payments (as defined in the ordinance) are made, sums sufficient to pay when due the Debt Service Requirements of the Notes and any other parity securities hereafter issued and to maintain specified reserves, if any, for such purpose and under any Parity Loan Agreements (as defined in the ordinance).

The Notes are equitably and ratably secured by a lien on the Gross Pledged Revenues, and the Notes constitute an irrevocable subordinate lien (but not necessarily an exclusive subordinate lien) upon the Net Pledged Revenues subordinate and junior to the lien thereon of the First Lien Bonds, certain First Lien Credit Facility Obligations, any Reserve Fund Insurance Policy (as defined in the ordinance) repayment obligations relating to First Lien Bonds and certain First Lien Financial Products Agreements, other than with respect to Termination Payments. Securities, in addition to the Notes, subject to expressed conditions, may be issued and made payable from the Net Pledged Revenues having a lien thereon prior to, on a parity with or subordinate to the lien of the Notes in accordance with the provisions of the ordinance.

The City covenants and agrees with the Owner of this Note and with each and every person who may become the Owner hereof that it will keep and will perform all of the covenants of the ordinance, including, without limitation, its covenant against the sale or mortgage of all or substantially all of the System unless provision shall be made for the payment of the Debt Service Requirements of the Notes and its covenant that it will fix, maintain and collect charges for services rendered by and use of the System at least sufficient to produce Gross Pledged Revenues annually to pay the annual operation and maintenance expenses of the System, all amounts required by the First Lien Bond Ordinances (as defined in the ordinance) and one hundred percent (100%) of the interest on the Notes and the principal of and the interest on any parity securities payable annually from the Net Pledged Revenues (excluding reserves therefor).

Reference is made to the ordinance and any and all modifications and amendments thereof for an additional description of the nature and extent of the security for the Notes, the accounts, funds or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the Owners of the Notes with respect thereto, the terms and conditions upon which the Notes are issued, and a statement of the rights, duties, immunities and obligations of the City, and other rights and remedies of the Owners of the Notes. A copy of the ordinance is on file in the office of the City Clerk.

To the extent and in the respects permitted by the ordinance, the provisions of the ordinance or any ordinance amendatory thereof or supplemental thereto may be modified or amended by action of the City taken in the manner and subject to the conditions and exceptions prescribed in the ordinance. The pledge of revenues and other security under the ordinance may be discharged at or prior to the maturity of the Notes upon the making of provision for the payment thereof on the terms and conditions set forth in the ordinance.

It is certified, recited, and warranted that the Notes are issued under the authority of the ordinance and the Supplemental Public Securities Act (as defined in the ordinance). It is the intention of the City, as expressed in the ordinance, that this recital shall conclusively impart full compliance with all of the provisions of the ordinance and shall be conclusive evidence of the validity and the regularity of the issuance of the Notes after their delivery for value and that all of the Notes issued are incontestable for any cause whatsoever after their delivery for value.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ to transfer the within Note on the records kept for the registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Note in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed by an eligible guarantor institution as defined in 17 CFR § 240.17 Ad-15(a)(2).

Signature Guaranteed:

Address of Transferee:

Social Security or other tax
identification number of
transferee:

EXHIBIT B

ISSUANCE REQUEST OF THE CITY OF COLORADO SPRINGS, COLORADO

The undersigned Authorized Representative of the City of Colorado Springs, Colorado (the "City"), hereby certifies as follows with respect to City of Colorado Springs, Colorado, Utilities System Commercial Paper Notes, [Series A] [Series B] (the "Notes") pursuant to Section 401 of the ordinance of the City, adopted on _____, 2015 (the "ordinance") authorizing the Notes:

1. Notes are hereby authorized and requested to be issued on _____, ____ (the "Issuance Date") pursuant to this Issuance Request in the principal amount of \$ _____ for deposit into the Acquisition Fund to pay the Cost of the Project.

2. All action on the part of the City necessary for the valid issuance of the Notes to be issued has been taken and has not been rescinded or revoked.

3. The maturity date or dates and interest rate or rates on the Notes shall be as specified by _____ (a "Dealer") on or before 12:30 p.m. New York City time on the Issuance Date, but:

A. the interest rate shall not exceed 12% per annum; and

A. the maturity date must not be later than the earliest of (i) 270 days from the issue date, (ii) 5 days prior to the [Series A][Series B] Expiration Date, or (iii) November 15, 2045.

4. All provisions of federal law necessary for the valid issuance of the Notes and necessary to provide that interest thereon is excludable from gross income for purposes of federal income taxes have been complied with. Interest on the Notes is excludable from gross income for federal income taxes purposes and is exempt from alternative minimum taxable income except to the extent specified in the Opinion of Bond Counsel.

5. Such Notes in the hands of the owner thereof will be valid and binding obligations of the City according to their terms.

6. As of the date hereof, no Event of Default under Section 803 of the ordinance has occurred and is continuing and the City has not received a No-Issuance Notice or a Final Drawing Notice under the Series [A][B] Credit Agreement excluding any withdrawn or revoked No-Issuance Notice.

7. As of the date hereof, the City is in compliance with the covenants set forth in Article VII of the ordinance, including without limitation, the tax covenants contained in Section 728 of the ordinance.

8. Delivery of the Notes hereby requested will not result in the delivery of Notes in violation of the provisions of Section 305A or B of the ordinance.

9. All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the ordinance.

Dated: _____

Authorized Representative

(Attach Affidavit of Publication, by Title and Summary,
of Ordinance No. 15-__ upon First Reading)

(Attach Affidavit of Publication, by Title and Summary,
of Ordinance No. 15-__ upon Second Reading)